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Grease to the Wheel or a Spanner in the Works?

**An Investigation of Office and Industrial Occupier
Displacement and Property Market Filtering Generated
by Public Sector Assisted Property Developments:
A Case Study of Tyne and Wear**

Paul Michael Greenhalgh

**A Thesis Submitted in Partial Fulfilment of the Requirements of
Northumbria University for the Degree of Doctor of Philosophy**

Northumbria University

School of the Built Environment

23 March 2006

For Dad

In memory of Michael Anthony Greenhalgh

7 January 1941 – 27 April 2005

ABSTRACT

The thesis is a study of property occupier displacement generated by the supply of new office and industrial accommodation that has been promoted or assisted by property-led regeneration policies. A review of literature revealed that there had been little in-depth investigation of the phenomenon of occupier displacement and the filtering effect associated with it. A flow model was developed to illustrate the incidence of occupier displacement and the process of property market filtering.

There are two main strands to the research (see Figure 1.1), firstly an exploration of the property chains generated by the displacement of office and industrial occupiers in response the supply of new accommodation, and secondly, an investigation of the reasons why office and industrial occupiers relocate and how they determine where to move to. Three phases of research were employed to record the displacement generated by twenty public sector assisted office and industrial developments in the Tyne and Wear conurbation.

Occupiers of twenty developments were identified by site inspections and a total population questionnaire survey was undertaken, complemented by a telephone survey, to record the status and origin of over 500 property occupiers and allow the property chains to be pursued. The chaining exercise revealed the scale of displacement or relocation and the outcome of the resulting chains. The origin of first move occupiers and chain-ends was plotted to reveal their spatial distribution. The research recorded that over half of all occupiers had relocated and over a third of chains generated by such moves, resulted in vacant property elsewhere in the conurbation. Structured interviews with 29 office and industrial occupiers were undertaken to investigate their locational decisions and the factors that influenced their outcome, the results of which were triangulated with the earlier research phases to reveal ten key themes that fundamentally determine such decisions.

The originality of the research is the scale and rigour of the chaining survey, the mapping of the spatial distribution of the origin of occupiers and the chain-ends, and the pursuit of understanding of how occupiers respond to the availability of new accommodation. The scale occupier displacement, generated by new office and industrial accommodation, is significant, but by stimulating property market excitation and vacancy a filtering effect is set-up that can generate positive benefits to a local economy by allowing occupiers to expand.

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AUTHOR'S DECLARATION

This work has not been submitted for any other award and is the work of the student alone.

The results, analysis and findings of the occupier surveys (phase 1) were presented at the RICS Cutting Edge Conference in Leicester (4-5th September 1998) and subsequently published in the Journal of Property Management (2000), volume 18, number 1, pages 46-62.

The results, analysis and findings of the chaining exercise (phase 2) were presented at the RICS Cutting Edge Conference in London (6-8th September 2000) and subsequently published in the Regional Studies (2003), volume 37, number 4, pages 381-394.

Copies of both refereed journal papers are contained in Appendix F.

ACKNOWLEDGEMENTS

My interest in the topic of occupier displacement was provoked when researching the performance and impact of Newcastle Business Park in 1992. Property-led urban policies appeared to be moving the problems of vacancy and low occupancy around, from one area to another. I pursued this theory by observing what was happening in other urban areas such as Teesside and Leeds. Once I was confident that there was a process at work I began to work up a methodological approach of researching it. I embarked on a PhD investigation of property occupier displacement as a 30th birthday present to myself. I am now nearly 40 years old. I must have been mad!

I would firstly like to acknowledge the thousand or so people who participated in my research, and who are unlikely ever to read my expression of gratitude towards them. It goes without saying that their contribution was invaluable. I have been pleasantly surprised and frequently encouraged by the willingness of people to spend their time talking to me on the telephone, filling in a questionnaire or being interviewed at length. It has been a rewarding and mostly enjoyable experience.

Secondly, I would like to thank my immediate work colleagues for allowing me the time and space to do my research over the last nine years. By doing your own jobs in a competent and professional manner, you have helped me to do mine. Thank you!

Thirdly, I would like to thank my three supervisors, Mary Lou Downie, Peter Fisher of the School of the Built Environment and Dr Michael Barke of the School of Applied Sciences at Northumbria University, for their patience and persistence. It has taken a long time but we got there in the end!

Finally, I would like to thank my family for providing a loving and supportive environment within which I have been able to maintain my confidence and self-belief through the low points, to see this work through to its conclusion. I hope that my achievements give you pleasure and pride.

Paul Michael Greenhalgh

23 March 2006

LIST OF ABBREVIATIONS

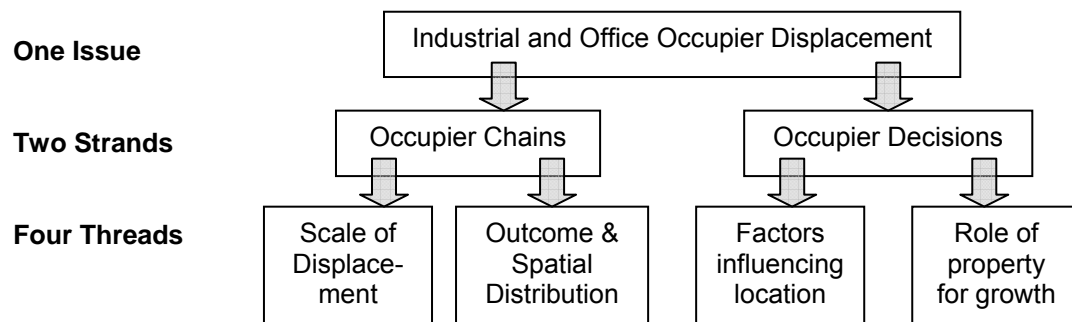
BIC	Business Innovation Centre
DoE	Department of the Environment
DETR	Department of the Environment, Transport and the Regions
EE	English Estates
EP	English Partnerships
ERDF	European Regional Development Fund
ERS	Economic Research Services
EZ	Enterprise Zones
GIA	Gross Internal Area
GIS	Geographical Information System
GMBC	Gateshead Metropolitan Borough Council
HMSO	Her Majesty's Stationary Office
NBP	Newcastle Business Park
NCC	Newcastle City Council
NDC	Northern Development Company
NPAS	Northern Property Analysis Service
NRF	Neighbourhood Renewal Fund
NTMBC	North Tyneside Metropolitan Borough Council
ODPM	Office of the Deputy Prime Minister
ONE	ONE North East
OS	Ordnance Survey
PIP	Partnership Investment Programme
RDA	Regional Development Agency
RICS	Royal Institution of Chartered Surveyors
SCC	Sunderland City Council
SEP	Sunderland Enterprise Park
SIC	Standard Industrial Classification
SIPP	Self Invested Personal Pension
STMBC	South Tyneside Metropolitan Borough Council
TEDCO	Tyneside Economic Development Company
TWDC	Tyne and Wear Development Corporation
TWeDCo	Tyne and Wear Development Company
TVTE	Team Valley Trading Estate
UDA	Urban Development Area
UDC	Urban Development Corporation

CHAPTER 1 - INTRODUCTION

1.1 Occupier Displacement

The issue at the heart of the thesis is the way firms and organisations occupying office and industrial property respond to the supply of new accommodation, the extent of the occupier displacement that this may generate, and the chains generated by relocations of other occupiers moving into the vacated accommodation. The thesis firstly explores the office and industrial property chains to determine the scale of the ensuing occupier displacement, the outcome of the chains and the spatial distribution of vacant chain end property. It secondly investigates why office and industrial occupiers relocate and how they determine where to move. Figure 1.1 illustrates how these two strands of research bifurcate to produce four threads.

Figure 1.1 Structure of the Research



Occupier displacement occurs in all property markets, when new accommodation is built and existing occupiers relocate. The literature reveals that, although the phenomenon is recognised by practitioners and researchers in the field, there is little comprehensive investigation of it, and what evidence that does exist is mainly anecdotal in nature. This encouraged the author to carry out an in-depth investigation of the extent and impact of industrial and office occupier displacement.

Displacement of property occupiers may be caused when new property developments come on to the market and occupiers relocate to the new developments, vacating their old premises in the process. This is not a problem *per se*, as their old premises may only remain vacant in the short term, before being reoccupied by a brand new business or organisation. This process is called filtering and operates in most property markets.

It is debateable whether the Government and its agencies should be concerned about displacement generated by the 'normal' operation of the free market, typified by private sector initiated and funded development activity giving rise to supply that is purchased or occupied by private individuals or firms. Indeed, if a relocating occupier expands and creates net new additional employment, then the creation of a vacant property elsewhere may well be viewed as a 'price worth paying'. However if displacement is caused by developments that have been promoted or assisted by the public sector, then the Government and its agencies need to pay attention to potential side-effects of their intervention, one of which is occupier displacement.

From the researcher's own experience as a practitioner, and observation of property-led regeneration in practice, it was apparent that a significant proportion of occupiers attracted to new commercial and industrial accommodation had relocated. Many of the 'new' businesses and jobs that public agencies claim to have attracted and created, have actually been displaced from elsewhere. A further concern was that, through filtering, vacant chain-end properties would be concentrated in locations that were particularly vulnerable to occupier relocation. Such locations typically suffer from obsolescent building stock, a poor environment, out-dated infrastructure, economic blight and social stigma. They often require social, physical and economic regeneration anyway, without having to withstand the loss of local employers to new, publicly subsidised or assisted developments in competing locations.

By better understanding how occupiers respond to the availability of new accommodation and the likely extent of the side-effects that this may generate, public sector agencies may be better able to develop policies that maximise additionality and minimise negative outcomes. Where a significant level of displacement is anticipated, public agencies should deliberate on its likely spatial distribution and contemplate taking steps to reduce its impact on areas that are unable to absorb it.

An additional aspect of the research is its focus on occupiers of industrial and office property, and in particular its attempt to understand what shapes and influences the decisions they make when contemplating relocating. Property market models are usually conceived from a supply-side or developers' perspective, but more attention needs to be given to the occupier or demand-side of the equation in order to comprehend the response of occupiers to the supply of new accommodation.

The research makes a significant and original contribution to our understanding of these matters in the following ways:

- It constitutes the largest chaining survey in the U.K. to date, to study property market filtering generated by the relocation of office and industrial occupiers to new accommodation (see Chapter 6).
- A flow model was formulated to represent the process of property market filtering and the creation of occupier chains (see Figure 2.3f).
- Detailed profiles have been compiled on twenty of the most significant office and industrial projects to be developed in Tyne and Wear over the last 25 years (see Chapter 4 and Appendix A)
- The identification of the origin of office and industrial occupiers relocating to new developments, and mapping of the location of vacant chain ends, represent the most detailed investigation of the impact of property market displacement in the Tyne and Wear conurbation (see Chapter 6).
- In-depth interviews of office and industrial occupiers, subjected to systematic analysis not only the factors that most influenced their locational decisions, but also the process by which they made such decisions (see Chapter 7).

1.2 Aims and Objectives of the Thesis

The research is a study of the response of property occupiers to the supply of new office and industrial accommodation. It aims to:

- reveal the extent of occupier displacement generated by office and industrial developments assisted by property-led regeneration policies
- better understand the influence of property-led regeneration policies on the occupation of office and industrial property

Its objectives are:

1. To measure the scale of displacement generated by office and industrial developments assisted or promoted by property-led regeneration policies
2. To assess the degree to which vacated properties are re-occupied through filtering and determine the extent to which new accommodation has contributed to vacancy
3. To identify the factors that most influence the relocation decisions of office and industrial occupiers
4. To investigate the importance to industrial and office occupiers of the opportunity to move to 'new' premises

A subsidiary objective is to assemble detailed profiles of twenty property-led regeneration projects in Tyne and Wear that represent the most significant examples of office and industrial development in the conurbation and compile a list of their occupants.

The scope and ambition of the research can best be represented by two pairs of primary questions followed by a series of subsidiary questions:

Why is displacement important to the success or failure of regeneration policies?

Why are property occupiers important to our understanding of displacement?

What are property-led regeneration policies and why were they introduced?

Why are occupiers central to property market models?

What is displacement and how is it measured?

What research has been done into displacement caused by property-led regeneration policies?

What factors influence office and industrial occupiers in making decisions about their property needs?

How does their decision to move relate to the issue of displacement?

What are the characteristics of office and industrial occupiers?

What are their property needs?

What factors influence their decisions about where they locate?

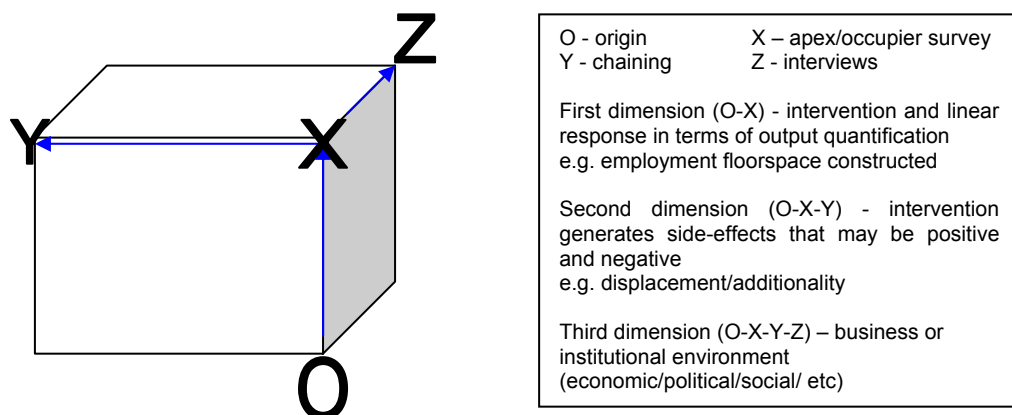
How does this link back to displacement?

The answers to these questions were initially sought by way of a comprehensive review of relevant literature, which revealed a lack of in-depth research into many of these issues. Three distinct phases of primary research were devised (see Chapter 3), comprising a total population occupier survey, chaining investigation and occupier interviews.

The research can best be illustrated as a three-dimensional conceptual framework:

- a) Phase 1 (O-X) was required to capture/confirm the identity of the occupiers, provide a profile of their characteristics, rank the factors that influenced their choice of where to move to, and determine their status and previous location (if relocated).
- b) Phase 2 (X-Y) concentrated on the demand side of the market by pursuing the occupier chains created by the original occupiers. It was a natural extension of the first phase and quantified the side-effects of supplying new accommodation in terms of excitation and chain end status.
- c) Phase 3 (X-Z) extended the original survey in a different direction, towards the way in which complex market factors influence the behaviour of occupiers (actors) when determining the outcome of their locational decisions.

Figure 1.2 Three Dimensional Framework of Research



O-X can be measured using traditional output measures, a crude and rather unreliable way of representing performance as a one dimensional quantity, e.g. commercial floorspace constructed. XY can be measured by taking into account side-effects (additionality) of the outputs of the intervention OX, although this is difficult, complex and at times subjective. However, it is impossible to measure the third dimension, XZ, because its components are not easily identifiable, let alone tangible or measurable. However, the identification of this 'third dimension' of impact is significant, because it allows us to recognise the depth and range of response of market actors to intervention and opens up a new direction of opportunity for the study and analysis of impact in relation to an organisation's property needs.

1.3 Structure of the Thesis

Chapter 2 establishes the theoretical and philosophical perspective for the research by reviewing relevant literature. It is structured in two parts, the first of which sets the context of the study, namely property-led regeneration policies and their evaluation. The importance of occupiers is demonstrated with reference to commercial property market models, before the concept of displacement and its measurement is explored. The key components of property market filtering and occupier chaining are presented together with contemplation of the positive effects of displacement. The second part of Chapter 2 commences with a critique of neo-classical location theory and profit maximising assumptions before establishing an alternative theoretical position, from which to pursue research into occupier needs and location decisions, that recognises sub-optimal behaviour and decision making. The needs of office and industrial occupiers are considered before the concept of mismatch is used to connect the behaviour of occupiers back to the incidence and impact of displacement.

Chapter 3 starts by demonstrating the originality of the research methodology, clarifying the parameters of study and describing the research framework. A detailed explanation of the rationale behind the research strategy follows, in which the author explains how the three phases of research were conceived, planned, and conducted. Particular attention is paid to the identification of office and industrial occupiers, the design and use of the database, the piloting and implementation of the questionnaire survey, the execution of the telephone survey, investigation of occupier chains and conduct of the occupier interviews. The chapter concludes with a contemplation of the limitations of the research methods employed.

Chapter 4 presents a profile of the case study area and the twenty developments covered by the research. It begins by briefly describing economic conditions in Tyne and Wear before summarising the urban policy interventions that the conurbation has been subjected to over the last two decades. The principal sources of property market data in Tyne and Wear, used to characterise the 20 office and industrial developments, are reviewed before the chapter concludes by presenting summary profiles of each of the developments used for the case study.

The next three chapters present analyses of the data collected by the three phases of primary research. Chapter 5 subjects predominantly quantitative data, collected by the questionnaire and telephone surveys, to analysis. Profiles of the office and industrial occupiers are presented, identifying the factors that most influenced their choice of location. Cross tabulation of data is used to investigate relationships between a particular development and the occupier's business and status.

Chapter 6 opens by explaining how the chain ends are classified then goes on to present the significant results of the survey which include the estimation of employment generation, occupier displacement, identification of change of use and calculation of the number and length of the chains and the average distance of moves. It concludes by describing the spatial distribution of relocations and vacant chain end property and providing an analysis of updated survey data.

Chapter 7 is structured around the eleven cross-cutting themes derived from employing the constant comparative method to analyse the material gathered by the occupier interviews. The key findings generated from synthesising these results with the findings from the previous two phases of research are then presented.

In conclusion, Chapter 8 addresses the central theme of the study, namely occupier displacement and the influence that property-led regeneration policies have had on the location, provision and occupation of office and industrial property. The research aims, objectives and hypotheses are reviewed in the light of the research undertaken and the key findings and results generated by the triangulation of the research methods employed are reiterated and reflected upon. Recommendations for future public policy intervention are informed by the analysis of both the chaining survey and the occupier surveys and interviews. Finally the limitations of the research are contemplated and opportunities for further research identified.

CHAPTER 2 - THEORETICAL FRAMEWORK AND LITERATURE

2.1 Introduction

This chapter establishes the theoretical framework for research by briefly describing the background to the pursuit of property-led regeneration policies in England and reviewing evaluations of property-led regeneration. This is followed by an exploration of the concept of displacement within this context. The pivotal role of property occupiers is established and illustrated, with reference to models of commercial (and industrial) property markets, before a critique of methods used to measure the displacement of occupiers generated by intervention in property markets is offered.

Despite their crucial role, how occupiers respond to the supply of new accommodation is generally poorly understood. We need to pay more attention to the way that occupiers make relocation decisions and recognise the complexity of the business environment within which such decisions are made. The large literature that exists on location theory, dominated by consideration of the locational decisions of manufacturing industry, is briefly reviewed. To do this, use is made of the work of Chapman et al (1987), who provide a comprehensive, detailed and authoritative account of the literature in this field. A theoretical position is adopted which recognised that understanding of bounded rationality, satisficing behaviour and sub-optimal decision better equips the researcher to understand and interpret human behaviour and decision making than the somewhat outmoded neo-classical assumptions of perfect rationality and profit maximisation.

2.2 Context of Study - Property-led Regeneration Policies since 1980

Although British inner-city policy originated with the Urban Programme, introduced in 1968, property-led regeneration only came to the fore in 1980, following the election of the Margaret Thatcher's Conservative administration in 1979. The Government's laissez faire, market-based philosophy was heralded, somewhat paradoxically, by the introduction of Urban Development Corporations and Enterprise Zones under the Local Government Planning and Land Act and Finance Act of 1980. The Government's belief was that by promoting and subsidising 'flagship' property development projects by the private sector, that the benefits created would 'trickle down' to the disadvantaged communities within which such 'flagship' projects were located. This myth was exploded in the early nineties when it became apparent that

the benefits were not 'trickling down', but were 'trickling out' (see House of Commons Employment Committee (1988), Brownhill S. (1990) and Imrie et al 1993b)).

UDCs and EZs became the cornerstones of the Government property-led approach to regeneration and were soon complemented by the introduction of the Urban Development Grant in 1982. More commonly known as gap funding, this grant regime was merged with the Urban Regeneration Grant in 1988 to create the City Grant, which subsequently became the Partnership Investment Programme. All three policies would operate for most of the next two decades.

By the late eighties the Government was coming under increasing criticism for their fragmented and uncoordinated approach to urban regeneration, the failings of which could not be disguised by the superficial 'Action for Cities' re-branding of urban policy in 1988. The Audit (1989) Commission famously described urban policy at the time as 'a patchwork quilt of complexity and idiosyncrasy'. The Conservatives were also under attack for their neglect of the social side of regeneration, most notably from the Church of England (Archbishop of Canterbury's Commission on Urban Priority Areas 1985) and for the escalating expense of their property-led approach. Atkinson et al (1994) reported that total public sector investment in London Docklands, between 1981 and 1991, was £2.5bn, which was anticipated to increase to £5.4bn by 1995.

Turok (1992) believed there was a role for property-led regeneration in areas where:

1. *there are extensive problems with land conditions and the fabric of buildings*
2. *constraints to redevelopment are physical, institutional and economic*
3. *shortages of land and floorspace restrict inward investment and indigenous growth*
4. *the response of the private sector is either insufficient or inappropriate to occupiers' needs*

(Turok 1992 p377)

but observed that :

'precisely how property development is intended to bring about the economic revival of urban areas has not been officially articulated. The confusion is part of a more general problem surrounding the lack of clarity about the ultimate objectives of urban policy and the means by which they are to be achieved. It must be acknowledged that the links between property and economic regeneration are universally poorly understood and there has been little detailed research on the subject'.

(Turok 1992 pp363-364)

By the early nineties, the Conservatives, now under the leadership of John Major, responded to this welter of criticism by introducing new programmes that promoted a more coordinated and holistic approach to regeneration, typified by City Challenge and the Single Regeneration Budget Challenge Fund. The key principles of 1990s regeneration policy were partnership, competition, spatial targeting, integration and a commitment to combined economic, social and environmental regeneration (Department of the Environment Transport and the Regions 2000). English Partnerships, established in 1992, as the urban regeneration agency for England, was something of an anachronism in this context, comprising as it did the DoE's residual physical regeneration components of English Estates, City Grant and DLG.

The election of New Labour in 1997 heralded the creation of Regional Development Agencies in England to pursue an economic growth, skills and competitiveness agenda in the English regions, whilst the introduction of New Deal for Communities, the Neighbourhood Renewal Programme and Pathfinders shifted the focus of urban policy towards a more community-based approach. Physical regeneration still has an important role to play, championed by the Urban Task Force, and manifested in a revamped English Partnerships, Urban Regeneration Companies and new Urban Development Corporations. All aforementioned policies introduced in the eighties and nineties, with the exception of City Challenge, have persisted into the new millennium. It will not be until post 2006, when the last EZs have expired, the SRB Challenge Fund wound-up and gap funding no longer available, that the property-led regeneration chapter of urban policy is finally closed. Physical regeneration still has an important role to play in supporting economic-driven and community-based initiatives, but will be more subdued in its profile and status.

2.2.1 Property-led Regeneration Policy Evaluations

This section presents a brief review of the most significant evaluations of property-led regeneration policies that have contributed to a better understanding of their impact and the employment of more sophisticated and sensitive methods of impact assessment. To evaluate the efficacy of urban policies, in achieving their goals, it is necessary to measure their performance. Over the last decade there has been a gradual move away from the measurement of crude outputs toward the measurement of more meaningful outcomes. This transition can be best exemplified by Robson et al's assessment of the impact of urban policy (DoE 1994), in which they focussed on outcomes, because their concern was with overall policy

effectiveness and impact assessment rather than programme evaluation, and ignored output measures that simply reflect the implementation of policy. Dabinet et al (2001) suggest that a stronger emphasis on outcomes would improve the quality of evidence with which to evaluate the impact of regeneration policy and programmes. Rhodes et al (2005) identify the weakness of conventional approaches to evaluation as being the neglect of measurement of overall regeneration outcomes, and express frustration at the seemingly endless fascination with the outputs produced by policies, resulting in rather sterile appreciation of what has actually been achieved.

As the most expensive and controversial property-led regeneration policy, UDCs have been subjected to more detailed scrutiny, by both Government (House of Commons Employment Committee 1988; National Audit Office 1988; Public Accounts Committee 1989; National Audit Office 1993; Department of the Environment Transport and the Regions 1998c) and independent researchers (Oatley 1989; Imrie et al 1993a & 1993b; Robinson et al. 1993; Robinson et al. 1994; Shaw 1995; O'Toole 1996; Nevin 1998; Deas et al. 2000) than any other. The study that most influenced the subject research was the CUPS assessment of the impact of the three mini UDCs in Bristol, Central Manchester and Leeds that employed a chaining technique to investigate occupier displacement (see Chapter 6).

Ongoing monitoring of Enterprise Zones was carried out by the DoE (1985,1986,1987b,1988b,1989b,1990,1993c,1995c) and on its behalf by Roger Tym and Partners (1985 & 1996), and PA Cambridge Economic Consultants (PACEC 1987). The EZ 'experiment' attracted much independent scrutiny in its early years, the most groundbreaking of which was Erikson and Syms' (1986) identification and modelling of the 'dual property market' generated by the zones (see below). In 1995, the Government published two reports, the 'second interim' (Department of the Environment 1995b) and 'final' (Department of the Environment 1995a) evaluations of Enterprise Zones. The final evaluation was undertaken in two parts: at the time of the de-designation of the round one zones and the round two zones. The methodological approach adopted was the same as that used in PACEC's first EZ evaluation in 1987. These evaluations were the first to acknowledge the concepts of additionality, displacement and deadweight and attempt to measure them. Their influence is evidenced by EP's additionality guide (2004) that borrows heavily from both reports. Most recently, ODPM (2003b) published transferable lessons from EZs in anticipation of the expiry of the last EZs in England in 2006.

The DoE Inner City Research Programme published an evaluation of the Urban Development Grant, Urban Regeneration Grant and City Grant in 1993 (Department of the Environment 1993a). The research was interesting because it analysed the property market impact of the grant and measured displacement and deadweight. Gap funding was scrutinised again when the European Commission ruled, in 1999, that the Partnership Investment Programme came under state-aid rules. The regime was withdrawn by the DETR, causing a damaging hiatus in private sector investment in property-led regeneration once the PIP survivors had run-out. The fallout caused by this embarrassing state of affairs was investigated in detail by a Government select committee which was critical of both the Commission's decision and the way that the DETR had handled the matter (House of Commons 2000b). State-aid compliant bespoke and speculative gap funding schemes re-introduced in 2002 are inferior replacements, hamstrung by restrictive operational rules and funding caps.

English Partnerships was created in 1992, but it wasn't until 1999 that its performance was evaluated by PA Consulting Group (Department of the Environment Transport and the Regions 1999a). Their interim evaluation was disappointingly inconclusive and failed to assess EP's performance in relation to land and property markets. The Public Accounts Committee's (House of Commons 2000a) investigation of EP the following year was far more rigorous and critical of the agency. It reported that EP had overstated the number of jobs it had created by a factor of four, that actual jobs created had cost the taxpayer twice as much as had been claimed and that of 27 completed projects, only two had been assessed to compare actual outputs against estimates. EP's estimates of outputs were found to be subject to significant uncertainty and regional offices counted all outputs attributable to the projects, even if the projects had received contributions from other public sources (House of Commons 2000a). Despite the criticism, the Government decided to task EP with tackling the shortage of brownfield land for residential development to add to its existing responsibilities for coalfield regeneration, millennium communities, the Greenwich Peninsula, URCs and Priority Sites.

Atkinson and Moon (1994) observed that, at the time, there had been no detailed evaluations of City Challenge and it had already been sidelined by the DoE which was unwilling to commit itself to a third round. The following year, Hambleton et al (1995) provided an early evaluation of City Challenge, that contemplated its impact on not only the winners but also the losers of the bidding process. A national interim evaluation was eventually conducted on behalf of the DoE by Liverpool John Moores

University (Department of the Environment 1998a) but there was no final evaluation. Most assessments of the performance of City Challenge were done at the scheme level and therefore only the local ones (Davoudi 1995; Robinson 1997; North Tyneside City Challenge 1998) are of direct relevance to the study.

The European Community initiative that has contributed most resources to physical regeneration is the European Regional Development Fund that seeks to:

- *Promote the development of regions which are lagging behind the rest of the EC (objective 1)*
- *Redevelop regions which are seriously affected by industrial decline (objective 2)*

(Department of the Environment 1994c p2)

Funding is typically aimed at projects promoted by the public sector that support investment in sites and facilities for industry and business, assistance for SMEs, support for research and development, infrastructure and local projects to aid regional economic development (Department of the Environment 1994c). The ERDF is made up of a number of discrete initiatives, for example 'Rechar' that assists rundown ship building areas, 'Tawsen' that funds infrastructure projects and 'Urban' that assists deprived urban areas. The performance and impact of these funds has been the subject of little independent research and there is an absence of research into the impact of ERDF funding on property markets in England on which to draw.

Having presented the context for the study it is necessary to examine its two key components, occupiers and displacement. The following sections establish the centrality of property occupiers to property markets, illustrated by reference to property markets models. Quite simply, without occupiers there is no market. The concept of displacement lies at the heart of the research and is fundamentally related to occupiers because it is their relocation that constitutes displacement.

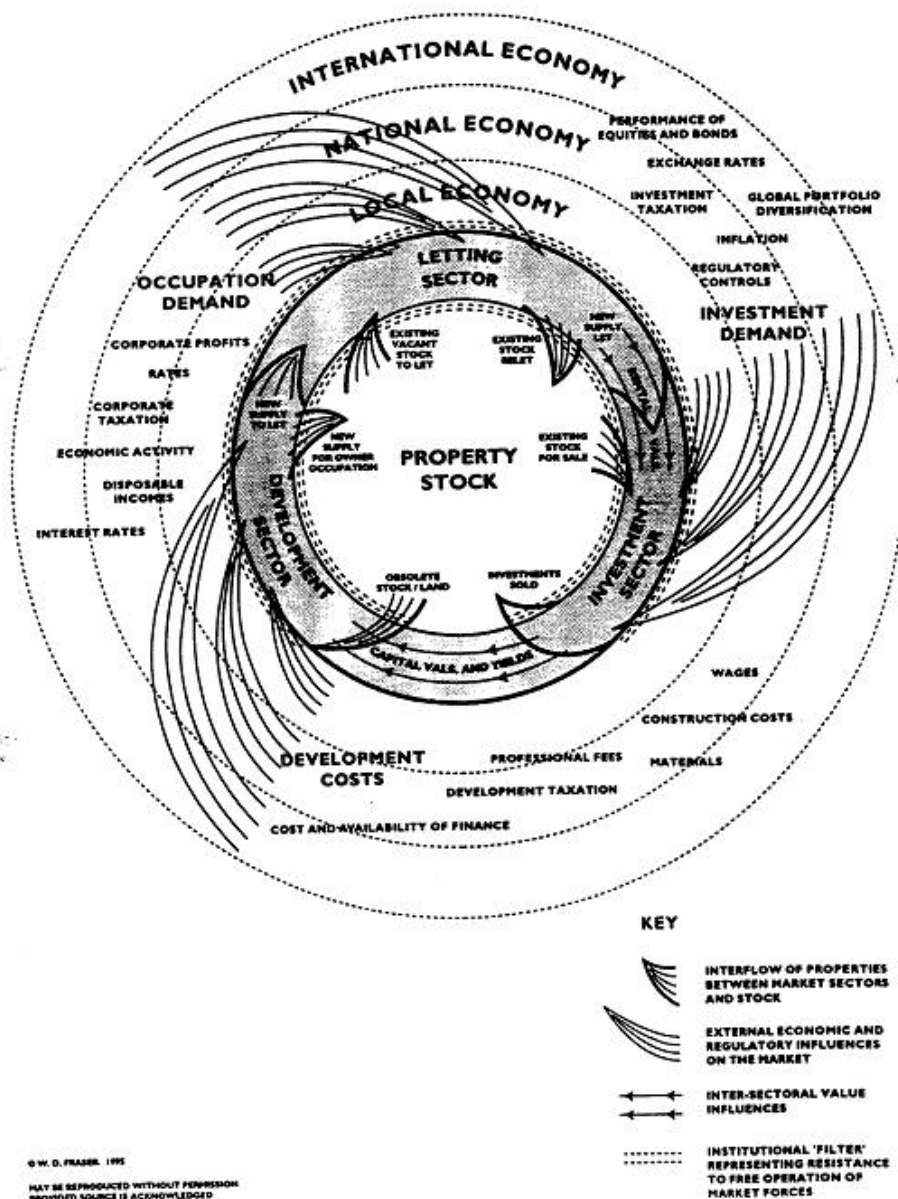
2.3 Occupier Displacement and Property Market Models

Most commercial property market models comprise three elements or sub-markets: the user market, the investor market and the developer market. Earlier models tend to pay more attention to the development and investment (supply) side of the equation and neglect or underplay the significance of the occupier (demand) side of the equation. More contemporary models recognise the importance of property

occupiers by placing them at their centre. The research concentrates on occupiers of property because without them property development is a pretty pointless activity.

Fraser (1996) developed a schematic model of the commercial property market, that showed it as a conglomeration of inter-related sub markets, sub-divided according to function, use type, location, quality etc. The model uses a 'three ring circus' to represent the inter-relationship between the market's three principal sectors, the letting (user or occupation), investment and development sectors.

Figure 2.3a Schematic of the Commercial Property Market (Fraser 1986 p32)



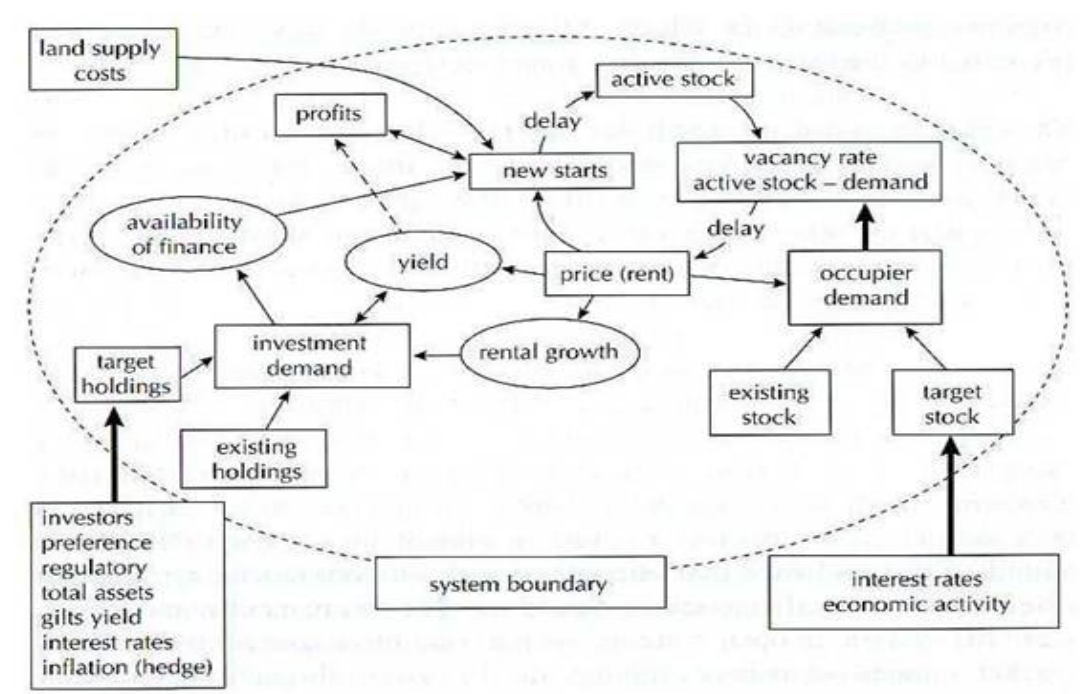
'It seeks to represent the principal internal dynamics of the property market and its relationship with the stock of property and the external economic and regulatory context.'

(Fraser 1996 p32)

The stock of property is represented by the inner core of the circle and the property market by the outer segment of the circle, subdivided into its three sectors. Bold arrows represent the flow of properties between the sectors and the interflow of those entering and leaving the market from stock and new build. The intra-sectoral influence of property values on demand in the investment and development sectors is illustrated by small parallel arrows and the external influences on each sector by curved force lines (Fraser 1996).

Fraser demonstrates that there is a place for simple diagrammatic models in providing a comprehensive portrayal of the property market and in explaining basic relationships and the forces at work. However, the model does not accommodate state intervention, other than development taxation, and is representative of investment (primary and secondary) grade commercial property, which may ignore some (tertiary) office and industrial development in run-down urban areas.

Figure 2.3b System Structure Diagram of a Commercial Property Market



(Trevillion E. in Guy et al 2002b p184)

Trevillion et al (1997; 1998) drew on Fraser's work to produce a property market model using a systems analysis technique. Their model offers a view of market

dynamics in the form of a structure diagram of key relationships, a key component of which is occupier demand that fuels demand for vacant stock and feeds through to rents, yields and new starts.

Ball et al (1998) believe that property markets are best conceived as made up of four interlinked parts, the *user market* where a stock of property exists for occupation, the investment market in which operate the owners to whom property is a *financial asset*, the *development market* where new buildings are generated and the *urban land market* which connects the user and development markets. They go on to describe the process of market clearing in the four sub-markets using neo-classical supply and demand theory to model dynamic relationships (see Table 2.3a).

Table 2.3a The Four Sub-Markets

1. User Market	<i>It is assumed that demand is determined by property users' levels of output, space per worker ratios and the level of rents. The stock of space is fixed in any given period. The interaction of demand and supply then determines the rent level</i>
2. Financial Asset	<i>Rents are capitalised into property values using a capitalisation factor. Changes in the value of properties are inversely related to changes in the investment yield</i>
3. Development Market	<i>New development only occurs when the price of property rises above its replacement cost. Rising construction and land costs raise the cost of replacement and, so, the price of property. New developments are added to the stock of buildings in the user market in the following period, altering the balance between demand and supply.</i>
4. Urban Land Market	<i>The price of land is determined by the existing stock of land used for particular purposes and the additional land that has to be drawn into the sector to facilitate new development.</i>
Rent	<i>The four markets are brought into simultaneous equilibrium through the role of rent as a pricing mechanism</i>
Elasticity	<i>The slopes of property market demand and supply schedules are likely to be more elastic in the long run than the short run</i>

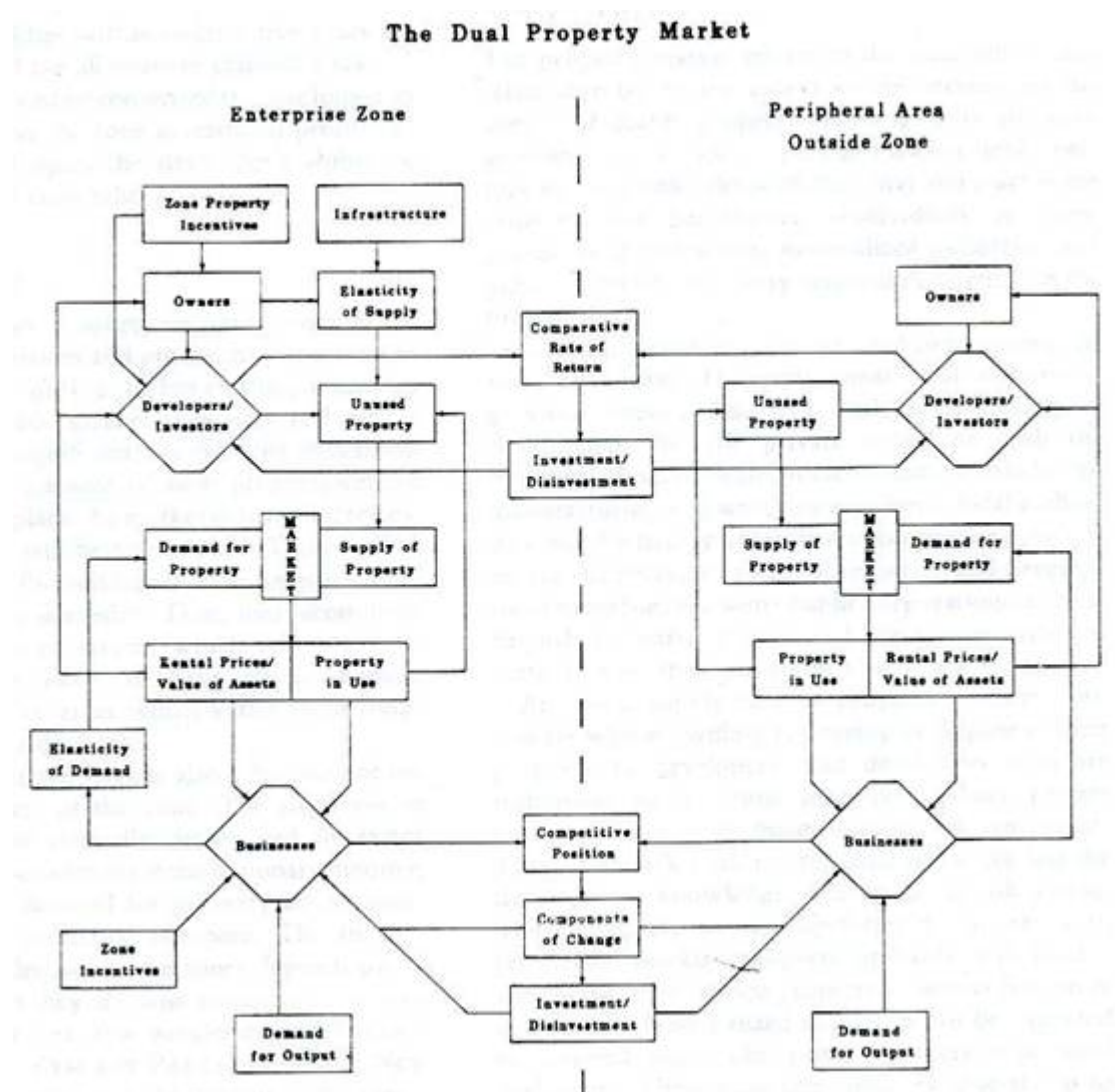
(Ball et al. 1998 pp21-21)

It has been shown that general property market models do not incorporate the impact of public sector intervention, however two specialised models have been developed to model the impact of EZs on a local property market.

The first is by Erickson and Syms (1986) (see also Syms and Erikson 1986a; 1986b; 1986c), whose systematic analysis of the local property market effects of the Salford and Trafford EZ in Greater Manchester is still of relevance to the study of property markets that have been subjected to intervention. They developed a framework that

focused on two principal groups of participants in the property market, businesses and developers, and investigated the response of both these parties to the EZ incentives, from which they developed a dual property market model. The flow chart model illustrates the creation of two distinct sub markets, the on-zone market and the peripheral off-zone market, and represents how the response of property occupiers to the EZ incentives affects both demand for property on and off the zones and how the supply side responds to the zone policy.

Figure 2.3c Dual Property Market Model



(Erickson et al 1986 p4)

Erickson and Syms also presented four scenarios to describe the short-run property market effects of EZs. The first scenario depicts the ideal EZ where businesses respond to incentives by increasing their activity, and incentives induce developers to improve land and construct facilities. The second scenario is where businesses

respond to incentives but developers do not. The third scenario assumes that increases in both business and developer activity is insignificant and the fourth scenario, which is in many respects the most undesirable outcome, is when the response of businesses is insignificant but developers respond to incentives with a significant increase in development (Erickson et al 1986).

Table 2.3b Four Scenarios

Property Market Effects	Scenario 1	Scenario 2	Scenario 3	Scenario 4
<i>Zone induced activity increase:</i> <ul style="list-style-type: none"> <i>Business</i> <i>Developer</i> 	<i>Significant</i>	<i>Significant</i>	<i>Insignificant</i>	<i>Insignificant</i>
<i>Demand for property in EZ</i>	<i>High</i>	<i>High</i>	<i>Low</i>	<i>Low</i>
<i>Supply of property in EZ</i> <ul style="list-style-type: none"> <i>Real property prices or value of assets</i> <i>Property in use</i> 	<i>High</i>	<i>Low</i>	<i>Low</i>	<i>High</i>
	<i>Moderate increase</i>	<i>Large increase</i>	<i>Moderate increase</i>	<i>No change</i>
	<i>Large increase</i>	<i>Moderate increase</i>	<i>Small increase</i>	<i>Small increase</i>
<i>Effects in periphery</i> <ul style="list-style-type: none"> <i>Real property prices or value of assets</i> <i>Property in use</i> 	<i>No change</i>	<i>Small increase</i>	<i>Small decrease</i>	<i>Moderate decrease</i>
	<i>Small increase</i>	<i>No change</i>	<i>Small decrease</i>	<i>Moderate decrease</i>

(Erickson et al 1986 p7)

They found that there was a high frequency of establishments relocating from the periphery to the zone, but that many of these businesses were ripe for relocation in any case. 'The supply of properties in both the zone and the periphery relative to demand are crucial determinants of the extent of the differentials which arise between zone and periphery' (Erickson et al 1986).

They concluded that:

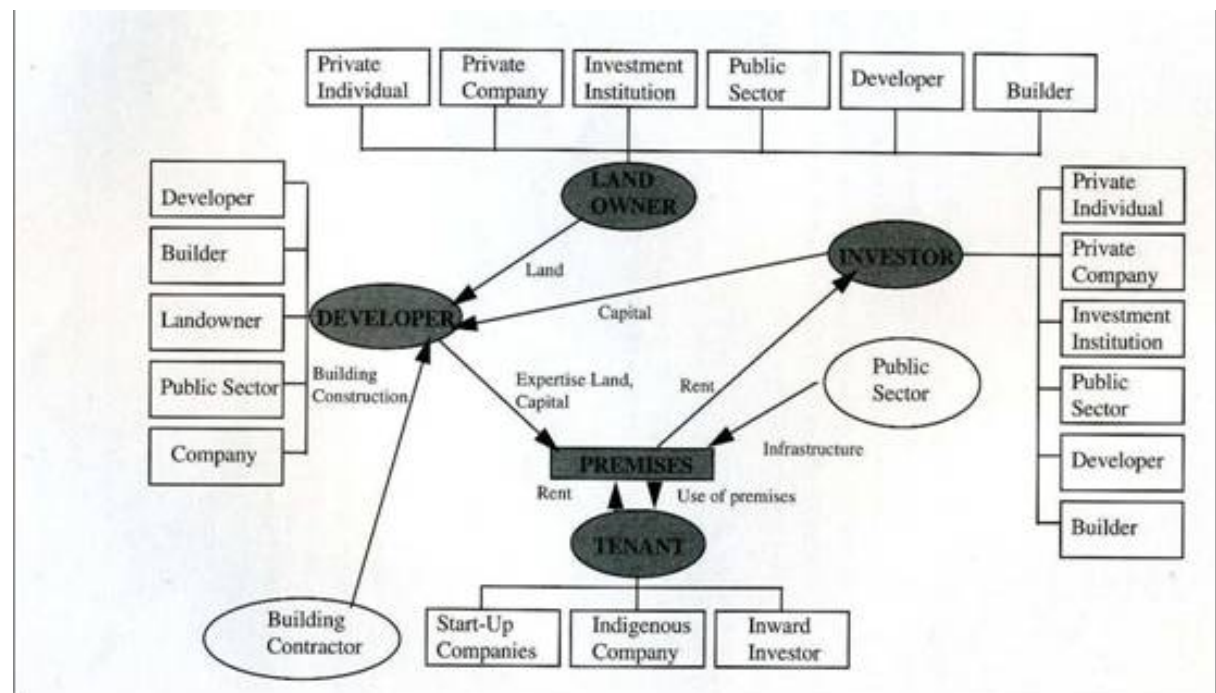
'zone designation in Salford and Trafford had created a dual property market with distinctly different effects in the zone and the periphery. Within the zone, rents and prices achieved a significant real increase, in contrast, industrial properties on the periphery experienced a sharp decline in rents.'

(Erickson et al 1986 p12)

Erikson and Syms' dual property market model is a helpful tool for understanding the polarising effect EZs have on local property markets but they provided no explanation of how it was formulated and tested. Their use of scenarios is also a useful framework for evaluating the local property market effects of EZ policy.

In the Final Evaluation of EZs, the DoE (1995a) presented the concept of an 'ideal' property market, which provides a quantity of premises to 'would be' occupiers, covering a range of sizes, ages, qualities, locations and prices. Four broad groups of property market participants are identified: occupiers/tenants, developers, investors and landowners (Department of the Environment 1995a).

Figure 2.3d Property Market Participants

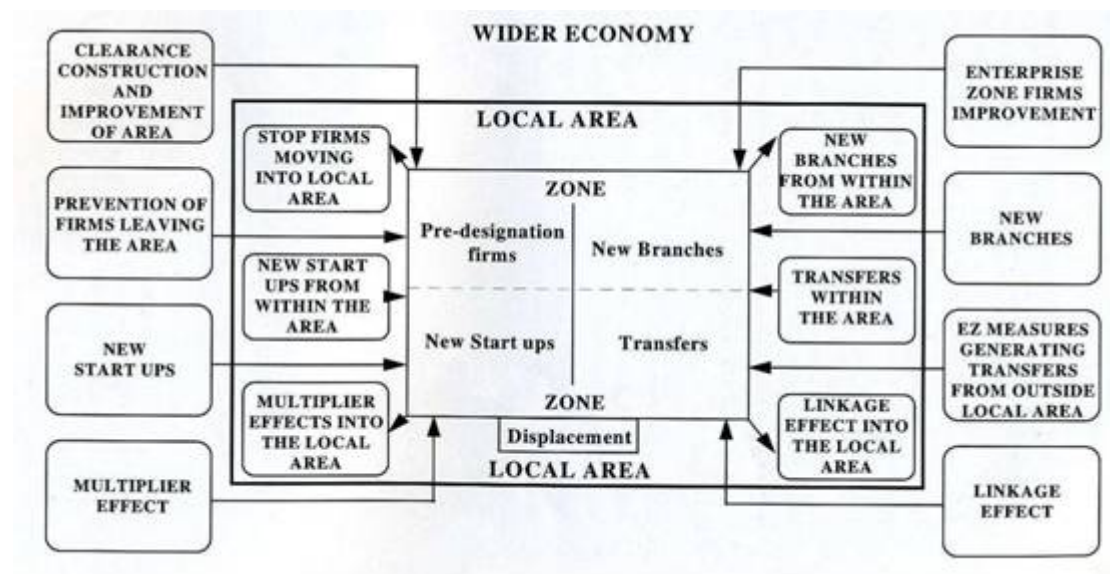


(Department of the Environment 1995a p60)

Property occupiers are central to the 'ideal' market model because they provide the take-up of the space supplied by the other three participants and this is another reason why they are the focus of the research. The model also acknowledges the role of the public sector as a direct supplier of premises as well as potential investor, developer and land owner.

The DoE (1995a) also provided a flow chart model of the generation of additional economic activity on EZs. A distinction is made between the 'local area' and 'wider economy', but disappointingly the report contained no explanation of the formulation, rationale and testing of the model. However the evaluation did use a classification of occupiers that has been adapted by the researcher to classify occupiers for the purposes of the chaining exercise (see Chapters 5 and 6).

Figure 2.3e The Generation of Additional Economic Activity on Enterprise Zones



(Department of the Environment 1995a p43)

The DoE's model is of particular interest because it introduces the concept of property market filtering, which in turn leads to the identification of property occupier chains. According to the DoE (1995a), property market filtering is:

'when properties that have become vacant due to their previous occupiers having relocated, are re-occupied by firms at different stages of their industrial and commercial development, taking advantage of their lower capital and rental values. Effectively there is a net improvement in the stock of buildings for occupation; this is often accompanied by a change of use.'

(Department of the Environment 1995a p84)

Filtering, is in essence, a special case of invasion and succession in the urban ecology model and was implicit within Homer Hoyt's sector theory, based as it was on the notion of invasion (Hoyt 1939). Robson et al (1999) confirmed that the chaining approach is based on residential property chains, the study of which still forms the basis of urban geographers' attempts to understand the spatial dynamics of the residential property market (see Skaburskis 2005), dating back to Hoyt's study of residential property chains in relation to processes of filtering.

'Such studies attempted to delimit the geographical extent of the consequences of a household's move to a different house. For example, the construction of new accommodation in any one area could have multiplier effects on other areas by triggering a chain of further household moves and corresponding house vacancies. Residential chains can result not only from

new construction, but also from subdivision of existing properties or the conversion of non-residential accommodation to create new housing space or, alternatively, through the dissolution of a household, for example owing to death or divorce. Likewise, there are numerous explanations for the end of residential chains; demolition of property, conversion to commercial uses, or long-term vacancy; or where the new occupants do not leave behind a vacant property, most commonly the result of first-time purchase or when one divorced partner leaves the marital home.'

(Robson et al 1999 p649)

The DoE (1995a) believed that:

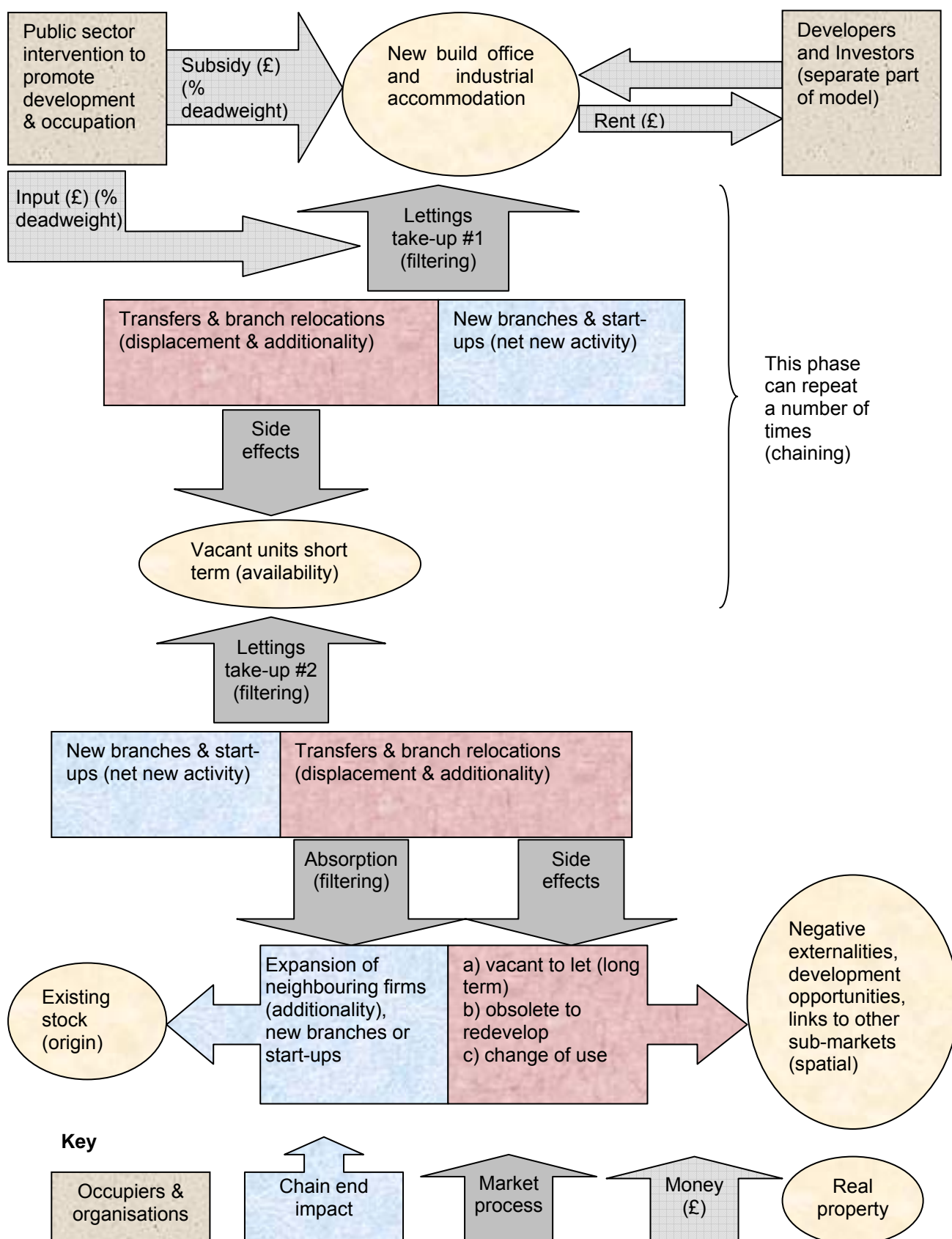
'Occupants should be able to filter up and down the range of premises available. There should be regular development and redevelopment of land and buildings to provide a continuous turnover of premises. The demand side should be able to pay a variety of rents and freehold prices sufficient to encourage the development of land and buildings and encourage continuous development and redevelopment of buildings and premises. There should be a variety of firm sizes and firm needs. Confidence in the property market should be maintained to allow the development and redevelopment, and occupation of properties over time.'

(Department of the Environment 1995a p63)

A model has been developed to better illustrate the process of filtering, the inspiration for which was an unpublished model of a commercial property market by P. Fisher (see Appendix E). Fisher's model offers a more detailed treatment of the three key sectors (occupiers, developers and investors) than the models discussed above, by providing separate models within models. The occupier component of this flexible model was the inspiration for the new flow-chart model (see below) that represents the incidence of occupier chains and the filtering effect in a commercial property market. It is a useful tool with which to illustrate how occupier chains occur and the way that they end and impact on a property market.

The backdrop for model is the 'property ladder' representing total stock. Each stage of the model represents a rung on the ladder. New build office and industrial accommodation enters the model at the top, funded by a combination of private and public investment and obsolescent stock falls off the bottom of then ladder. The new accommodation attracts occupiers (take-up #1), some of whom are new, others of whom are relocations which creates vacancies elsewhere. When vacant space is reoccupied (take-up #2) this is the start of an occupier chain that may repeat a number of times to generate a filtering effect. The process ends when vacated accommodation is either absorbed, by a new occupier or the expansion of a neighbouring business, or the property is redeveloped or remains empty.

Figure 2.3f – Model of a Commercial Property Market to Illustrate How Occupier Chains are Generated by Occupier Displacement and Vacant Property is Absorbed by the Filtering Effect



2.4 Displacement

Displacement is often ignored by policy makers and agencies responsible for the application, monitoring and evaluation of public sector interventions in land and property markets. When its incidence is acknowledged, it is often poorly understood and rarely measured or an explicit allowance made for its impact (see 2.4.1). When displacement has been recognised, it is often regarded simply as a negative side-effect, when its influence is often far more dynamic and complex (see 2.4.2). There is a need for more research into the incidence of displacement in land and property markets.

The type of displacement that lies at the heart of this study is that of property occupiers, and in particular, office and industrial occupiers. Their displacement deserves special attention because it can have a major influence on the relative performance and success of projects. For example, if the majority of occupiers attracted to a new development that has been promoted by an area based regeneration initiative, originate from within the area, then the outputs and net benefits generated by the project may be minimal. Increased awareness of the wider impacts of regeneration policies in the mid to late eighties, contributed to the application of concepts such as additionality, displacement and deadweight to the assessment of policies from the early to mid nineties. Despite this, the incidence of displacement has still been ignored by regeneration agencies, for example when they represent their performance using crude output figures that are so unreliable and inaccurate as to be meaningless (National Audit Office 1999). More sophisticated analysis is required in order to understand and accurately measure the wider impact of property market interventions in order to evaluate their overall performance.

The definition of displacement in the ODPM's '3Rs guidance' (Office of the Deputy Prime Minister 2004a) is virtually identical to that contained in EP's Additionality Guide (2004):

'the proportion of the intervention's output/outcomes accounted for by reduced outputs/outcomes elsewhere. Displacement may occur via the product and factor markets.'

(Office of the Deputy Prime Minister 2004a p122)

'the proportion of project outputs/outcomes accounted for by reduced outputs/outcomes elsewhere in the target area.'

(English Partnerships 2004 p19)

It is a negative component in the calculation of additionality:

	<i>Gross direct effects</i>
<i>Less</i>	<i>Leakage from target area/group</i>
<i>Equals</i>	<i>Gross local direct effects</i>
<i>Less</i>	<i>Displacement/substitution</i>
<i>Equals</i>	<i>Net local direct effects</i>
<i>Plus</i>	<i>Multiplier effects</i>
<i>Equals</i>	<i>Total net local effects</i>

(English Partnerships 2004 p5)

ODPM's guidance on assessing the impacts of spatial intervention defines additionality as 'the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the intervention' (Office of the Deputy Prime Minister 2004). HM Treasury's (2000) Green Book describes an additional impact as one 'arising from an intervention if it would not have occurred in the absence of the intervention'. Displacement in a generic sense may include impacts outside the narrow target area or group as well as reduced outputs within it, depending how the target area is defined. In the above sum, this is represented by both leakage and displacement.

English Partnerships (2004) acknowledge that it is surprising that there is a relatively limited amount of research relating to the size of displacement/leakage. This research makes a significant contribution to address this deficiency, highlighting the need for further research. The following section considers in detail the development of the concept of displacement and attempts that have been made to measure and understand it in the context of regeneration policy evaluations.

2.4.1 Measuring the Impact of Occupier Displacement on Local Property Markets

The increased interest in property-led regeneration over the 1980s and 1990s fuelled a wealth of research in the subject (see Lawless (1989), Healey et al (1990 & 1993) Brownhill (1990), Imrie et al (1993b), Berry et al (1993), Robinson et al (1993 & 1994), Smyth (1994), Henneberry (1995), Nevin (1998)). However, the occurrence of displacement, even in its widest sense, was given scant recognition.

Adams (1990) observed that:

'EZs and UDAs act partly as a honey pot, distorting local property markets and drawing in investment which would in any event have gone elsewhere in the conurbation.'

(Adams D. 1990 p 125)

Healey et al. (1993) recognised that not only do property-led urban regeneration policies generate problems in their spheres of operation, but their activity also impacts on areas outside those spheres.

'The strategy, with its focus on a few locales (the city centre, waterfronts), has concentrated development and investment on a few places only. With little investment to go round, other areas have been blighted.'

(Healey et al. 1993 p281)

Berry et al (1993) confirmed that concentrating public sector resources and private investment on a specifically designated area may have the effect of displacing activity, investment and jobs from elsewhere with a distributive rather than stimulative impact on the local economy.

Aston University's assessment for the DoE of the Urban Development Grant recorded that only about a third of the jobs 'created' were actually new, the remaining two-thirds having been displaced (Department of the Environment 1993a). Relevant key findings were that

- *46% of the jobs created were displaced from other premises in the area.*
- *no evidence was found of investment that was being directly diverted and in many cases indirect substitution appears unlikely.*
- *office net new employment as a proportion of gross was 28.3% (71.7% displacement)*
- *industrial net new employment as a proportion of gross was 53.6% (46.4% displacement)*

(summarising Department of the Environment 1993a pp2 & 27)

Aston University's research employed a well-designed questionnaire (see Appendix C) that was used as a template for the questionnaire occupier survey used in the first phase of the subject research, the development and design of which is described at greater length in Chapter 5.

The occurrence of occupier displacement first came to the researcher's attention when studying the impact and performance of the Newcastle Business Park, which had just been awarded the Royal Institution of Chartered Surveyors' prize for best urban renewal project 1992. It became apparent that a significant proportion of the occupiers on the business park had relocated from nearby, and that the outputs that were being claimed for the development by the Tyne and Wear Development Corporation were exaggerated (Greenhalgh et al. 1993).

A comprehensive search of secondary literature sources revealed that there had been very little research into occupier displacement caused by intervention in land and property markets. Property researchers only started becoming aware of the incidence of occupier displacement in the 1980s, due to the market distortion caused by property-led regeneration policies, most notably EZs.

Latham's (1982) study of the Dudley EZ led him to the view that EZs were considered as a potential area for relocation by companies who were already in the market for expansion. He questioned whether demand for EZ property was merely the result of firms being diverted from elsewhere and argued that:

'EZs could only create 'new' jobs if the relocation caused firms to expand at an accelerated rate. If a firm would have expanded anyway, and all an EZ had done was to influence its locational decision, then it represents no more than an arm of regional policy.'

(Latham 1982 p100)

Massey (1984b) suggested that the major effect of EZs had been to redistribute jobs in the local economy. Talbot (1988) found evidence of boundary hopping or local displacement into an EZ in his Tyneside study. Later EZ research by PACEC (Department of the Environment 1995b) confirmed that some displacement will occur when firms move onto a zone from elsewhere in the local area (e.g. boundary hopping by firms) as well as firms moving into the local area that are diverted onto the zone rather than elsewhere in the local area (e.g. displacement and leakage).

PACEC believed that viable property market on EZs had been at the expense of the local property markets off-zone, because the majority of companies that relocated into EZs were displacement moves (Department of the Environment 1995b). As Ball et al (1998) succinctly observed, intervention had led to micro-changes in locational advantage without necessarily changing the quantum demand for space.

PACEC questioned whether local property markets off Enterprise Zones experienced dereliction, voids and collapses in rents and capital values with the build-up of development on-zones (Department of the Environment 1995a). They chose to examine the question by asking companies on the zones where they would have been had they not located there. This was followed by an assessment of the factors that had prompted branches to seek new premises.

'The general evidence suggested that there was very little evidence that voids elsewhere were caused by the zones themselves. Rather, that companies were leaving premises because their old premises were unsuitable to the needs of modern business. Once vacated, a filtering process occurred whereby premises are reoccupied by other tenants.'

(Department of the Environment 1995a p84)

The identification of a filtering process is significant because it arises as a result of occupier displacement. There is a clear potential that the stimulation of property development and occupation brought about by EZ measures will be at the expense of the immediate property market off the zone. Indeed Jones et al (2003) believe that EZs generate spatial competition, not just with non-EZ land and property markets but also with other EZs, for example the three chronologically overlapping EZs in Tyneside, Sunderland and Tyne Riverside (see Chapter 4) competed not just against themselves but also the nearby East Durham zones.

Displacement effects were not confined to EZs. The Audit Commission acknowledged that there was an inevitable tendency in deciding the strategy for a UDC area to focus on the problems of that area and disregard the impact of regeneration outside it (Audit Commission 1989). Lawless (1989) referred to an example in Glasgow where 'about three-quarters of the companies operating within an area had located from elsewhere in the locality'. Turok (1992), speculated that the provision of property would inevitably lead to local transfers of existing firms or to accommodate firms that would have moved into a region anyway. Berry et al (1993) expressed doubt as to whether jobs 'created' in the UDA were actually new or just relocation of existing employment. For example between 1981 and 1987, 77% of new employment to London Docklands was through transfers of existing jobs. 'The accusation was that firms were relocating from the City of London, leaving behind vacant floorspace' (Berry et al. 1993).

These concerns raise the need for research that will identify firms that have relocated to property-led regeneration schemes, ascertaining their origin, revealing their reason for moving, ranking the perceived benefits of doing so and investigating the end of the property chain generated by the move. This would provide a comprehensive insight into the relocation issue and determines whether one area's gain has been at another's expense.

It is only during the last decade or so that Government departments and agencies have started to pay the problem of occupier displacement serious attention. Property market displacement was acknowledged by the DoE in its evaluation of gap funding (1993a), as occurring when a developer substitutes a grant aided project for another non-grant aided project or projects by other developers are not undertaken as a result of a grant aided project being carried out or existing businesses are damaged. This is a narrow 'supply side' understanding of the concept of displacement and does not acknowledge the potential for the displacement of the end users of property developments.

However, the same evaluation (Department of the Environment 1993a) went on to contemplate displacement that arises where a company makes a decision to relocate in assisted premises rather than other available premises within the inner (city) areas. The employment effects of new firms or firms originally located outside the inner (city) area, which moved into grant aided premises, were treated as displacement if the firm considered that other suitable premises already existed in the area. This was ascertained by asking firms the simple question 'did you consider alternative premises in the inner area?' Only if the firm was an inward investor, and the answer was 'no', would the employment created be regarded as net additional (Department of the Environment 1993a).

Table 2.4.1 Calculating Displacement

	<i>Did you consider alternative premises in the inner area?</i>	
	<i>YES</i>	<i>NO</i>
<i>Firms from inner area</i>	<i>Displacement</i>	<i>Displacement</i>
<i>Inward Investor's</i>	<i>Displacement</i>	<i>Net additional employment</i>

(adapted from Department of the Environment 1993a)

The DoE accepted that this was a crude measure of displacement but justified its approach by arguing that 'attempts to improve on its accuracy would have involved second guessing location decisions made by occupiers at a point in time (often several years previously) within a dynamic property market' (Department of the Environment 1993a).

Of greater relevance is the DoE's attempt to estimate displacement in the sample by asking occupiers for their old address in order to identify which firms had moved from within the inner area (Department of the Environment 1993a). It takes little imagination to move from this rather sterile position to investigate the property chain that has been created by the move. Unfortunately this was not something that the DoE's research did.

A more complex description of occupier displacement was presented by Robson et al in their evaluation of urban policy for the DoE (1994a):

'Displacement occurs when a company makes a decision to locate in assisted premises and the generation of a desirable programme output leads to the loss of the same output elsewhere. This may occur where there are resource constraints or where demand is weak so an assisted project wins market share at the expense of competitors.'

(Department of the Environment 1994a p14)

The DoE (1994a) confirmed that the employment effects of new firms or firms originally located outside the inner area, which move to grant aided premises, are treated as displacements if the firm considered that other suitable premises already existed in the area (Department of the Environment 1994a). It (DoE 1994a) went on to acknowledge that research was needed to better understand what motivates firms to move and why they choose a particular option that is available to them at the time.

To achieve this end it would be necessary to identify the origin of all the occupiers of a regeneration project, capture their reasons for (re)locating where they did, and investigate the side-effects of their displacement. Such an approach would permit quantification of the scale of displacement and reveal the spatial impact of the displacement generated by projects.

The researcher sought to pursue this avenue of enquiry but, despite a number of prominent authors and researchers having raised the issue of occupier displacement

(see 2.4.1), a satisfactory method for investigating or measuring its incidence and impact was not immediately apparent. The dilemma of what method to adopt to measure occupier displacement was resolved with the discovery of the chaining technique, discussed at length in Chapter 3.

2.4.2 Positive Side-effects of Displacement and Property Market Filtering

Fothergill et al (1987) were one of the first to recognise that, although public sector assisted development may generate relocations that create vacant property elsewhere,

‘if a new factory is occupied by an existing firm relocating in order to expand, this releases older existing premises for occupation by another company, which in turn may consequently be able to expand and release previous premises for yet another firms. The job gain, they argued, is the sum of the job gains at each stage of the vacancy chain.’

(Fothergill et al. 1987 pp112-113)

Robson et al (Department of the Environment Transport and the Regions 1998a) considered the impact of UDCs, not only by measuring the extent to which new economic activity represented net benefit (additionality) or simply reflected displacement of activity from elsewhere, but also by exploring the degree to which UDC activity proved to be beneficial in distributional terms. They described the stimulation of local property markets as excitation and measured this domino effect on the broader property market by recording the number of transactions generated by the original intervention.

Only recently have policy makers began to recognise that supplying new accommodation triggers property occupier chains that generate property market filtering that may create net additionality along the length of the chains. EPs’ additionality guide confirms that when a project results in effects ‘off the direct causal chain’ the nature and additionality of these effects needs to be considered (English Partnerships 2004).

For example, the providing of new accommodation may create significant secondary benefits and opportunities, by freeing-up accommodation elsewhere that allows other occupiers to expand, move to improved accommodation, or in the case of new businesses, for them to find premises in which to start-up. This positive impact is almost always neglected in the evaluation of property-led regeneration policies. To

date there has been no comprehensive investigation of the positive side-effects created by occupier displacement.

Encouraging relocation or substitution to occur may also improve the competitiveness of a property market and its transparency. Robinson et al (1993) in their comparison of the performance of Tyne and Wear and Teesside Development Corporations, suggested that a local relocation to a better office may strengthen an existing business and thus strengthen the local economy. Economic Research Services (1998) recorded differential take-up rates for older and newer office and industrial units. They attempted to explain this phenomenon by suggesting that firms are more inclined to occupy more modern accommodation to improve their competitiveness, and therefore displacement is not necessarily a zero sum game (Economic Research Services 1998). Disappointingly, ERS went no further in exploring this issue.

We need to acknowledge that displacement may cause positive side-effects and that additionality may be generated, both by the original re-locator and their replacements, as a result of displacement. This positive aspect needs to be addressed in research into the detail of displacement arising from regeneration projects. The research is not an assessment of policy performance, traditionally quantified by crude outputs, but an investigation of the impact of policies on office and industrial occupiers. Property market intervention will generate side effects, some of which will not be anticipated by the agencies performing the intervention. The research concentrates on the response of occupiers to the supply of new office and industrial property that has been provided by the other two market participants (investors and developers), either in partnership with, or subsidised by, the public sector.

The next sections contemplate the nature of the response of property occupiers to the supply of new property and challenge the assumptions of rationality and profit maximisation that typify neo-classical economic and location theories. More contemporary treatments of decision making and sub-optimal behaviour are presented, followed by consideration of office and industrial occupier needs and attempts by the public sector to influence user demand. Finally, the concept of mismatch is used to neatly join-up occupier decision making theory to the key concept of displacement.

2.5 Challenging Neo-classical Location Theory and Profit Maximising Assumptions

Most analytical work on industrial location before 1960 was concerned with interpreting the location of individual industries by reference to normative location theory. Such a conceptual framework is deductive, in that it proceeds from a set of basic propositions, regarding the objectives of those responsible for the industrial location decision, and normative, in that it indicates the optimal outcome for the conditions defined by a series of simplifying assumptions (Chapman et al 1987).

Table 2.5 A Summary of the Development of Location Theory

Date	Authors	Concepts	Elaboration
1909 1929	Weber	Least cost theory Location of industry	Demand and costs are spatial constants
1924	Fetter	Adaptation of least cost theory	Demand can vary but costs remain fixed
1929	Hotelling	Locational interdependence	Decision makers react to competitors; zero costs assumed
1954	Lösch	Profit maximisation	The rational entrepreneur should select the location at which profits are maximised
1956 1963	Greenhut	Relaxation of spatial constant	Identified demand factors, cost factors and psychic factors
1956	Isard	Relaxation of spatial constant	Incorporation of variables influencing cost and revenue

Based on written summary in Chapman and Walker (1987)

All the above theories assumed that firms behave in a rational and logical manner to achieve their optimal location. However, by the late fifties some economists such as Herbert Simon (1959) were beginning to cast doubt on the neo-classical economic paradigm and, in particular, the assumptions it makes.

'The normative microeconomist doesn't need a theory of human behaviour because s/he wants to know how people ought to behave not how they do behave. The macroeconomist's lack of concern with individual behaviour stems from different considerations. S/he assumes that the economic actor is rational and hence makes strong predictions about human behaviour without performing the hard work of actually observing people. S/he assumes competition, which carries with it the implication that only the rational survive. Thus the classical economic theory of markets with perfect competition and rational agents is deductive theory that requires almost no contact with empirical (or any other) data once its assumptions are accepted.'

(Murray D et al. 1971 p38)

Massey (1984) criticised structural economic laws and tendencies that dichotomise formal models from empirical description. Such models had problems with particularity, unevenness, difference, place and locality and left little scope for real conflict and struggle, let alone surprise and setback. Chapman et al (1987) observed that the abstract models of normative theory at the time provided little useful guidance in understanding how the state, for example, may wish to influence the distribution of new manufacturing investment.

Fothergill et al (1987) correctly, in the author's opinion, raise doubts about the applicability of neo-classical economic models to the role of land and building in industrial location. They found that the supply of land and buildings operates, not so much through the price mechanism, as through physical constraints and availability. They observed that economic theory is 'strangely silent' on the way that premises in which firms operate impose constraints on the nature of their operations and may limit their growth and efficiency (Fothergill et al. 1987). Krugman (1991) confirmed that there is no adequate microeconomic explanation for urban property markets.

'Traditional economic theory, with its emphasis on marginal adjustments, is particularly unhelpful (when trying to understand the relationship between a manufacturing firm and the building it uses) because buildings and sites are rarely amenable to marginal adjustments, year by year, as needs change.'
(Fothergill et al. 1987 p56)

The profit maximisation assumption has been much criticised, not least because it is impossible for humans to maximise across everything because of uncertainty and the vast array of information and processing that is required (Ball et al. 1998). Instead, responses to situations vary from standardised, unthinking ones through to uninformed guesses and calculations based on limited information.

North (1990) believed that, at best, only a limited number of decisions made by individuals can ever possibly be based on maximising criteria. The rest are based on bounded information. Such decisions are formed through routine and other behaviour which may seem non-rational when every decision is examined individually, but rational when placed in the context of information and decision making overload (North 1990).

D'Arcy and Keogh (1997) recognised that conventional economic approaches to the analysis of property markets lack institutional or behavioural content and tend to

ignore many of the defining characteristics of property, such as high transaction costs, illiquidity and information problems. They believed that 'the simple notion of profit or utility maximisation as the driving force behind the market is inadequate' (D'Arcy et al 1997).

Therefore, to explore the rich and complex 'environment' within which individuals within firms and organisations make location decisions, the neo-classical economic assumptions of rationality (optimal behaviour) and profit-maximisation rejected, in preference to a more sensitive behavioural approach which is set out below.

2.6 Sub-optimal Behaviour and Decision Making

Occupier (market) surveys tend to be descriptive and restrict themselves to the identification of the factors directly influencing choice of location, rarely capturing the wider ranging conditions that impinge on occupier decisions, and usually ignoring completely the decision making process itself. Chapman et al (1987) confirm the validity of using behavioural studies that focus on the way in which variables, identified by normative theory, are actually perceived and interpreted by those responsible for making location decisions.

Locational behaviour in an uncertain environment can be seen as satisficing in character, that entrepreneurs seek satisfactory rather than optimal solutions. Chapman et al (1987) confirm the importance of 'personal considerations' over the more obvious conventional factors. The emergence of the behavioural approach derives its inspiration from the work of Simon (1959), who observed that 'whereas economic man is an optimiser, his real world equivalent is a satisficer'. Because decision makers do not possess either the level of knowledge or the powers of reason ascribed to 'economic man', they adopt courses of action that are perceived to be satisfactory. Simon (1959) defined such behaviour as 'bounded rationality'.

A satisfactory location will yield the level of profit which entrepreneurs can reasonably expect to achieve, given their knowledge and abilities at the time (Adams et al. 1994). Simon (1959) confirmed that 'models of satisficing behaviour are richer than models of maximising behaviour because they treat not only of equilibrium but of the method of reaching it as well'. Behavioural approaches to the analysis of location have tended to concentrate on aspects of decision-making processes and the perceptions of decision makers to account for sub-optimal location decisions

(Massey 1984a). This approach has been extensively utilised in 'market research' type approaches.

Behavioural approaches to location decisions have concentrated not on profits, but on the priorities and characteristics of the particular decision makers' determinants of industrial location (Adams et al. 1994). For example, an individual entrepreneur may well have a very different agenda to locational decision making than the managing director of a major public company. Within companies, production managers may seek locations which minimise costs while sales managers are likely to prefer those which maximise revenue (Adams et al. 1994). Prestige, stability and psychic income, derived from social, environmental and other non-monetary factors may also be important (Adams et al. 1994). Indeed, Watts (1987) went as far as to suggest that locational decisions may even be determined by convenience or proximity to the owner's home.

'More recent theories of industrial location have thus abandoned the pretence of the optimal location and have acknowledged that locational decisions are often surrounded by mists of uncertainty and personal preference.'

(Adams et al. 1994 p6)

More recent corporate real estate literature (see Roulac (2001), Barovick et al (2001), Osgood (2004) etc.) offers further illumination of the way organisations seek to align their property and business strategies through their pursuit and selection of sites and premises. Much of the research focuses on large companies, competing in global markets, making location decisions on pan-national and international bases, rendering it only marginally relevant to the location decisions of a range of organisations, comprising mainly SMEs, within a single conurbation.

Similarly, most research in the field of location decision making has tended to focus exclusively on the decision-making of large firms (Haigh 1990; Decker et al 1993; Hughes 1994; Brush et al. 1999). A comprehensive and more representative study, similar in scale to the subject research, comprising 22 face-to-face interviews with firms involved in industrial and commercial property sales and land developments, the convening of stakeholder and expert panels, and a telephone survey of 450 firms of varying size, was carried out by Mazzarol et al (2003). They contemplated not only patterns of organisational 'buying' behaviour across a range of organisations,

but also studied a buying process that involved a group of people forming an informal, cross departmental decision unit, called a buying centre.

Mazzarol et al (2003) observed that within large firms the buying centre may be quite large and the number of individuals that comprise it may be numerous. There is an important distinction between the 'buying centre' approach of a large firm, and the more personalised approach of the small business owner-manager.

'The 'buying' behaviour of firms may involve a multi-person, multi-departmental and multi-objective process depending on the size of the organisation; in this sense a distinction between large firms and SMEs can be drawn.'

(Mazzarol et al 2003 p194)

Firms and organisations will not search for a location in the same way and the variables important to large companies will be different to those dominating the thinking of smaller firms. Therefore it is necessary to research a range of occupiers across different business sectors and of different sizes. In addition, the nature of an occupier's search will become a variable in its own right, necessitating the investigation of how decisions are made. Attention therefore needs to be paid, not only to the complex business environment within which firms and organisation operate, but also the decision making processes they adopt in order to determine their property and locational preferences or needs.

2.7 Office and Industrial Occupier Needs

To understand occupier decision-making and behaviour, it is necessary to establish the context within which individual preferences and behaviour operate. We must therefore briefly contemplate the general nature of demand for office and industrial property, and in particular the needs of office and industrial occupiers.

Traditionally, the locational preferences between industrial and office occupiers have been very different, with the former typically demanding larger single-storey detached units, located on the periphery of urban areas and benefiting from good transport links, and the latter preferring smaller buildings, floor plates or individual suites in multiple occupied high-rise buildings located in the central business district. However, more recently a blurring between industrial and office occupation has occurred. The introduction of the B1 use class in 1988, which combined office and light industrial use, and a general relaxation in zoning, has encouraged the

development of business and industrial parks. Such developments have catered for the relocation of back-office, headquarters, research and development, distribution and manufacturing functions, from their more traditional locations, such that the distinction between the two sectors is far less pronounced. A survey of SMEs in the North East, by Economic Research Services (1998), found that choice of location for both office and industrial occupiers is most commonly determined by road accessibility (40%), access to customers and the need to retain key staff (12%) and that selection of premises is determined by their size, location, relative cost and the provision of car parking.

Office requirements can be analysed spatially, by distinguishing between town/city centre accommodation and out of town space, and functionally, by different office functions such as head office and back office requirements. Barovick et al (2001) confirm that whilst headquarters location is still largely tied to subjective factors such as image, physical accessibility and quality of life, back offices have been prime candidates for corporate consolidation, the overriding factor continuing to be finding qualified personnel at a minimum cost. Town/city centre requirements are driven by financial and business services whereas out of town requirements are driven by high-tech industries. The two main ways in which they differ is that out of town users attach greater importance to on-site car parking and security (King Sturge 2003). RICS (1997) confirmed that the appeal of office property is heavily influenced by the availability of car parking, flexible floor plates and proximity to transport links.

Both city centre and edge of town occupiers regard location as the fundamental element of a property decision, over and above the physical and legal characteristics of the property. Accessibility, in terms of customers, client base and proximity to complementary business activities are the key determinants of the location decision for many office activities, especially A2 (financial and professional services) users. Lease terms were regarded as more significant than the physical characteristics of a property because office buildings are often in multiple occupation and the legal relationship between a landlord and tenant is more important (Wyatt 1999).

Industrial occupier requirements can be crudely divided into two broad types:

1. *bespoke buildings for large specialist manufacturing and logistic/distribution users; often owner occupied and procured by a design and build route*

2. *standard open flexible space for light industrial (B1c) or storage (B8) use by small and medium sized industrial occupiers; usually tenants of speculatively built units*

(King Sturge, 2003 Section 7.2)

Fothergill et al (1987) identified the variables that define the requirements for manufacturing firms as: ability to pay, choice between rented and owner occupied property, expectations about growth, size of building, design of space and intensity of use. More recently, Barovick et al (2001) confirmed that location decisions for warehouse and distribution functions are tied to their position in the supply chain, access to transportation and the cost of property, whereas manufacturing functions continue to locate in areas that allow them to minimise costs.

Whelan (1998) suggested that rapid changes in the industrial sector have had an impact on property requirements in terms of the need for greater flexibility/adaptability. He identified three dimensions to this, the ability to change the physical configuration within and between buildings, the ability to change functions/activities within a building and the financial flexibility related to tenure arrangements. Whelan (1998) also assessed the extent to which manufacturers premises met their business needs. He reported that the most highly rated factor was the location of property, closely followed by effective use of space. The most poorly rated features were age and image of property and total running costs.

2.8 Public Sector Influence on User Demand

The above sections have set out the context for the introduction property-led regeneration policies and established the importance and centrality of occupiers to property markets. Having contemplated the needs of property occupiers it is necessary to briefly contemplate how the public sector attempts to influence them. This is not an easy task because precisely how public sector intervention is intended to influence user demand is generally poorly articulated by Government (Turok 1992).

A helpful starting point is the notion of an 'ideal' property market that is able to provide a quantity of premises to 'would be' occupiers, covering a range of sizes, ages, qualities, locations and prices. If 'ideal' property markets existed there would be no need for the public sector to intervene in land and property markets; unfortunately they do not, due in no-small-part to the peculiar and sometimes unique

characteristics of real property. The perceived failure of commercial and industrial land and property markets to conform to this 'ideal' has encouraged successive governments to pursue a variety of predominantly supply-side policy interventions in land and property markets over the last 25 years.

Healey et al (1993) recognised that although urban policy since the 1980's may have achieved the objective of releasing supply side constraints in development markets, it was not at all clear that this has made local land and property markets work efficiently over the long term from the point of view of user demand. Adams (1994) confirmed that only policies which seek to stimulate demand for land (and building) using activities, are likely to succeed in tackling demand-deficient vacancy.

Ball et al (1998) questioned whether intervention to address market failure makes markets more or less competitive and suggested that it may lead to micro-changes in locational advantage without necessarily changing the quantum of demand for space. They believed that:

'Public intervention alters pricing relationships and hence affects the price allocation mechanism, making markets less competitive and transparent. Interventions should be viewed in the context of property market models, where some reduce the cost of accommodation to occupiers, some increase the supply of accommodation and others reduce the cost of development.'

(Ball et al 1998 p75)

Occupiers, as the source of demand for new floorspace, are critical to the success of supply-side property-led regeneration policies, but their displacement from other areas will also have a significant influence on the overall performance of public sector intervention that seeks to make land and property markets operate more efficiently. For example, the DoE (1995a) described how the designation of EZs led to the blighting of off-zone markets with the loss of demand for existing premises, that in turn led to reduced prospects for demand for new premises.

'Rental levels stagnate or fall, thereby further reducing the confidence in the market and the prospect of meeting the objectives of the supply side participants. This in turn dissuades the supply side from realising opportunities for future development and redevelopment of sites and buildings. Low levels of development, redevelopment and refurbishment to ageing property will eventually lead to decay and dereliction.'

(Department of the Environment 1995a p65)

By investigating how user demand is affected by property-led regeneration policies and in particular how the supply of new accommodation results in the displacement of property occupiers, the side-effects of public sector intervention may be better understood. To complete the theoretical framework it is necessary to establish a link between the way that office and industrial occupier needs impinge on their locational decisions and how this manifests itself as displacement. This is achieved by using the concept of mismatch.

2.9 Mismatch

Fothergill et al (1987) speculated that there is a complex and often idiosyncratic relationship between firms and their buildings:

'At any particular point in time a firm's property needs are not difficult to identify; most managers have a clear idea of the sort of building that would best suit their firm. The problem is that firms' needs change, so that buildings that were once well suited to their occupants can become inappropriate and in so doing they can act as a brake on growth and efficiency.'

(Fothergill et al. 1987 p57)

Fothergill et al (1987) recognised that a mismatch can occur between the buildings that firms occupy and their needs. The concept of mismatch is a useful one because it helps us understand why firms and organisations contemplate moving in the first place.

'Demand for space is heterogeneous and is fundamentally the outcome of a complex set of relationships within the business environments of the companies that occupy premises. This partly explains why, all too often, there are mismatches between the requirements of occupiers and the space supplied by owners, exacerbated by the failure of the latter to recognise the relationship between the operational context of the companies and the structure of demand for space.'

(Harris 2002 p204)

A mismatch between the needs of an occupier and what their existing accommodation provides, can be regarded as a push factor, because it forces occupiers to contemplate moving away from their existing accommodation. Lawless (1994) reported that more than two thirds of the firms surveyed indicated that the main 'push' factor responsible for their relocation was property and site related conditions.

The DoE (1995a) recognised that, in some localities where demand exists for better or larger premises, but there is a low development activity rate, growth may be constrained because of the lack of provision, which may force companies to relocate out of the area in a search for better premises (Department of the Environment 1995a). Fothergill et al (1987) believed that the mis-match between productive needs and property availability supports the case for public sector intervention in land markets.

There are, in fact, three ways by which firms and organisations can internally resolve mismatch: by relocating, extending on site or refurbishing. Fothergill et al (1987) reported that the disruption caused by either of these responses was not usually an important consideration for occupiers, but that tenure is a key determinant of a firm's response to mismatch. Thus, for a firm or organisation to choose to relocate there needs to be a mismatch that cannot be resolved by extending on site or refurbishing and their terms of tenure need to be sufficiently flexible to allow them to move.

Evidence shows that a large part of the decentralisation of urban employment reflects the failure of firms in cities to expand, compared to their rivals elsewhere, because the cramped sites and premises in urban areas do not meet the requirements of modern industry for increased floorspace (Fothergill et al 1982). Turok (1989) reinforced this view when he found that the main reason for firms leaving London (push factor) was the lack of space for expansion. Having decided to relocate, he found that the strongest pull factors attracting firms were differentials in property costs, labour recruitment, communications and congestion.

However, when looking to relocate, occupiers' field of search is often highly localised, typically within a couple of miles, in order that the majority of the workforce can move with them. ERS (1998) reported that firms occupying industrial/warehouse floorspace expressed a strong preference to move a distance of less than five miles; office based activities were found to have an even stronger desire to remain close to their current location. Demand is therefore very localised, particularly from office-based firms, and this pattern of demand consolidates and reinforces existing centres of activity. Therefore any trends towards a dispersal of economic activity would therefore appear to be supply rather than demand led (Economic Research Services 1998). Turok et al (1999) concluded that the most important single mechanism for expanding labour demand and creating appropriate employment for manual workers

involves investing in land improvement, strategic sites and infrastructure to accommodate business expansion and attract inward investment.

The above findings confirm the validity of focussing research on occupier displacement caused by the supply of new office and industrial accommodation.

2.10 Chapter Summary

This chapter has summarised the context for the research, namely property-led regeneration policies that have been introduced since 1980. The significance of property occupiers has been established with reference to models of commercial property markets and the process of filtering has been illustrated using a flow model of a commercial property market that has been subjected to intervention.

Although the concept of displacement has long been regarded as a negative side-effect of property-led regeneration, it may also create positive side-effects by stimulating further relocation opportunities that facilitate business expansion and property market excitation.

Displacement results from the locational choices of individual property occupiers; how they make their locational decisions is crucial to the wider impact of property-led regeneration initiatives. Previous studies of the side-effects caused by occupier relocations have typically been incidental to more general regeneration policy evaluations. This large-scale, in-depth and comprehensive study addresses this deficit.

The next chapter sets out the methodological framework adopted for the research and explains in detail the approach used for each of the three phases of research.

CHAPTER 3 – RESEARCH FRAMEWORK AND METHODOLOGY

3.1 Introduction

Chapter 2 established the centrality of occupiers to commercial property markets and identified the dearth of in-depth investigation of the incidence and impact of their displacement. Research is needed into the behaviour and response of property occupiers to the supply of new accommodation promoted by property-led regeneration programmes and policies, and the impact of their relocation decisions and displacement on local property markets.

In order to investigate occupier displacement caused by property-led regeneration policies, it was first necessary to identify an area within which property-led regeneration policies had been pursued that had resulted in the creation of new office and industrial accommodation. The Tyne and Wear conurbation was chosen for this purpose (see Chapter 4). The most significant examples of assisted office and industrial development in the conurbation were selected in order to provide a population to be surveyed and investigated.

The starting point for the research was to identify the occupiers of office and industrial developments, and ascertain their status, reasons for (re)locating and origin (see Chapter 5). This allowed the property chains, caused by occupiers that had relocated within the conurbation, to be investigated to determine the status and spatial distribution of the chain end properties (see Chapter 6). Finally, the way in which occupiers made their decisions to move and where to locate, and the factors that influenced these decisions were investigated by in-depth interviews (see Chapter 7). This chapter sets out the methodological approaches used to pursue these three distinct phases of research by way of a case study.

3.2 A Case Study Approach

The research uses an in-depth investigation of the Tyne and Wear property market.

'A case study approach to reporting research outcomes has rich narrative; provide excerpts from the data; let the participants speak for themselves, in word (e.g. questionnaire, telephone survey or interview) or action (e.g. chaining of moves)'

(Maykut et al 1994 p48)

In their (2003) policy evaluation for the ODPM, ERM Economics and Cambridge University considered a combination of databases, area based data, telephone surveys and face-to-face interviews to constitute a case study approach. Indeed, in relation to measuring displacement effects, the report went on to recommend using aggregate data analysis, direct interviews, telephone surveys and local area analysis through case studies to capture motivations (ERM Economics et al 2003).

The subject study focuses on predominantly flagship schemes, described by Bianchini (1992) as:

'significant, high profile, prestigious land and property developments that play an influential and catalytic role in urban regeneration'

(Bianchini 1993 p245)

because it is these developments that have had the greatest impact on the local property market. Smyth (1994) believed that a flagship comprised:

- *a development in its own right, which may or may not be self-sustaining;*
- *a marshalling point for further investment*
- *a marketing tool for an area or city*

(Smyth 1994 p5)

English Partnerships recognised a project as being a flagship if EP and its partners had committed substantial funds, usually over £10m, and where the expected outputs and outcomes are considerable (DETR 1999b).

Whilst some developments cost less than £10m (e.g. North Sands), they do all conform to Smyth's three criteria. The twenty property developments constitute the most significant examples of post 1980 property-led regeneration in the industrial and office sectors in Tyne and Wear, were selected for the research (see Appendix A). They range from office schemes on brownfield sites, to industrial development on greenfield sites and business starter units in town centres. The developments comprise over 500 buildings totalling in excess of 500,000 square metres (5,500,000 square feet) of accommodation on nearly 500 hectares (1200acres) of land. The developments are occupied by over 800 firms employing over 25,000 people, and the total investment in buildings, plant and machinery exceeds £2 billion (Greenhalgh et al 2003a). A profile and location of the 20 developments is shown in Appendix A.

English Partnerships (2004) suggested that market analyses, surveys and studies are appropriate methods with which to estimate the scale of displacement. Robinson et al (1993), who adopted a case study approach for their revealing comparison of the performance of Tyne and Wear and Teesside Development Corporations, confirmed that:

'some of the most important lessons of practical relevance have come from the close examination of specific policies in particular places. Detailed case studies emphasise that policy is implemented not in a vacuum but in real places with real communities and institutions.'

(Robinson et al. 1993 p1)

They reported that many of the jobs created in the UDAs involved the move of a firm from a short distance away, often from within the same local authority area, whilst some 'new' jobs simply serve to displace others (Robinson et al. 1993).

Robinson et al (1993) recognised that Development Corporations had distorted the market and diverted development, the net gain from which was minimal when new development was taken by businesses simply moving within the locality. Moreover, such diversions left behind problems, for instance empty offices in Newcastle City centre. This phenomenon was apparent on Newcastle's East Quayside, where new offices developed by AMEC Developments Ltd, in partnership with the Tyne and Wear Development Corporation, were almost exclusively occupied by firms that had relocated from Newcastle City centre.

'...the only modern cost-effective buildings of the size and quality we needed were those available on the Quayside.'

Graham Wright, Managing Partner, Dickinson Dees (Estates Gazette 1996 p73)

Such relocations had a dramatic impact on Grainger Town, the historic core of the City, which was already struggling to compete for occupiers. This necessitated a response from the public sector and Grainger Town has recently undergone a renaissance due to the efforts of the Grainger Town Partnership, funded by English Partnerships, the SRB and English Heritage (Robinson et al. 2001). It does seem faintly ridiculous to create a public sector agency in order to repair the damage caused by another quango, although the research has identified that the vacancy caused by occupier displacement has created 'opportunities' that the Grainger Town Partnership, and residential developers in particular, have been able to exploit.

3.3 Parameters of Study

The Tyne and Wear property market has been chosen because it is a clearly delineated and well defined property market, in the North of England, that exhibits many of the characteristics which are described below. Pratt (1994) suggested that:

'a good reason for choosing a peripheral region exhibiting market failure in order to study the impact of Government policies, is because there is value in the exploration of the margins, in a social and spatial sense, as it often lays bare dynamics and revealing processes not always observable in less peripheral areas.'

(Pratt 1994 p4)

The DoE (1994a) confirmed that, over the last thirty years Tyne and Wear has been subject to a diverse range of public policies aimed at ameliorating the impacts of industrial decline and the problems posed by urban deprivation. As a result, over the past three decades there has been little new development in the office and industrial sectors that has not benefited from some form of public sector assistance, be this English Estates, EZ, UDC, City Challenge, EP, ERDF, SRB Challenge Fund, or in many cases a combination of two or more of these (Department of the Environment 1994a). The office and industrial property markets in Tyne and Wear have not been subjected to an in-depth investigation of this type before; previous studies have tended to be narrowly restricted to the performance of local property markets in terms of supply, take-up, rental values and yields or focus more widely on institutional and supply-side analysis (see Cameron et al 1985, Usher et al 1993, English Partnerships & ERS 1998, King Sturge 2003).

The definition of a boundary should bear a clear relation to the size of the (property) market (Office of the Deputy Prime Minister 2004). The 3Rs guidance suggests a number of geographical levels at which interventions can produce impacts, one of which is 'locality' that can extend up to a ten to fifteen mile radius of the site concerned. This view is echoed by English Partnerships in their additionality guide (2004), when they state that the local level for projects that generate employment or other economic benefits is often considered to be within the relevant travel to work area, or if this is not appropriate then a 10-15 mile radius of the site concerned.

The Tyne and Wear conurbation was used as the case study area within which the 20 developments have taken place because it has a distinct urban boundary, being almost completely surrounded by a green belt, permitting a clear delineation of the urban area, which is essential in determining whether an occupier is new to the conurbation (see Appendix A). The study area also needed to include all the significant new assisted office and industrial developments in Tyne and Wear, many of which are located at the periphery of the conurbation. Therefore the boundary was drawn around the rural/urban fringe of the conurbation. This also recognised the existing institutional boundaries of the conurbation and broadly conformed to the old institutional boundary of Tyne and Wear.

The maximum radius of the study area is 10.3 miles (16.6 km), which permits a comprehensive investigation of occupier chains across the whole conurbation. This is more ambitious than other local property market studies (e.g. Erikson and Syms 1986 and DoE 1998a) that drew tighter boundaries. Erikson and Syms (1986) argued that the negative effects of EZs could extend for ten or even twenty miles, but for their study of EZs, they chose to limit the spatial extent of the market to a few miles, generally a range of one to three miles around the zone.

The DoE (1995b), by contrast, used a 10 miles (16.1 km) radius to define the local area for the final evaluation of EZs, the rationale for which was based on two key considerations:

- 1. the EZ experiment was designed to encourage economic and physical regeneration in local areas rather than sub-regions or wider regions. The essence of a local area is that it is defined as the town or urban area in which the zone is situated together with surrounding areas which make up its hinterland and which identify themselves as linked to the town.*
- 2. the justification for adopting a 10 mile (16.1 km) radius was further strengthened by consideration of effective travel to work areas for those types of occupations which are found in firms occupying EZ premises. These are not typically concentrated amongst the highest paid professional groups nor the unskilled, but are middle range occupational groups, such as managers, supervisors, skilled and semi skilled manual workers and clerical workers most of whom would travel to work distances of up to 10 miles (16.1 km).*

(Department of the Environment 1995a pp41-42)

For the purposes of the research, relocations from neighbouring counties (e.g. Northumberland and County Durham) and other urban areas (e.g. Teesside and Hartlepool) were treated as net new investment to the conurbation.

The research concentrates on the office and industrial sectors of the property market because both have witnessed significant property-led regeneration activity over the last 20 years and it is in these two sectors that the processes of displacement and relocation are most apparent. They are two of the main property investment sectors and have been seen, by successive Governments, as a mechanism for increasing economic activity and generating employment through property-led regeneration.

There is a strong rationale for studying both the office and industrial markets because the general influences affecting the location of offices are similar to those of manufacturing industry. They include factor input costs (labour and rent), transport and communication costs, agglomeration economies and the quality of life in specific urban areas (Ball et al. 1998). Indeed it is often difficult to distinguish the two, particularly within the B1 (Business) use class, where buildings can move between office and industrial use. For example, industrial premises usually contain an office element, some call centre buildings are often little more than well-equipped sheds and it is sometimes difficult to determine whether research and development is an industrial or office based activity.

The retail and leisure sectors have been excluded from the study because they are both particularly complex property and occupier markets, more influenced by national trends and operators, the study of which would reveal far less about individual occupier decision making. The sectors also tend to have the highest capital and rental values, thus retail and leisure developments may be viable in locations where development for other uses (i.e. office and industrial) is not. As a result, the retail and leisure sectors have received far less attention from regeneration agencies.

The decision to exclude the retail sector from the study is consistent with DoE research on EZs which deliberately avoided analysis of retailing land use because it was regarded as being relatively complex (Department of the Environment 1995a). With the exception of the Metro Centre in Gateshead and retail warehousing on Team Valley, Sunderland Enterprise Park and Royal Quays, there has been little new retail development in Tyne and Wear, promoted by regeneration agencies, because of concerns about how such schemes would impact on existing retail locations. Interestingly, the three latter developments were deliberately excluded from their respective EZs, as the Government did not think that retailing needed or deserved to be subsidised.

The research focuses on property developments that have been assisted or promoted by one of the tools introduced to promote property-led regeneration, heralded by the Local Government Planning and Land Act (1980), that gave the Secretary of State for the Environment the power to designate EZs and UDCs, the legacy of which still persists today. The timeframe is identical to that adopted by Adair et al (2003a) to study the investment performance of property-led urban regeneration projects. They believed that a 20 year time horizon from 1980 to 2001 essentially encapsulates the entire period of UK urban regeneration activity.

Throughout the 1980s and 90's the UK economy saw a dramatic movement of employment from the manufacturing to the service sector (see 4.2.1). As a result, it was the declining industrial sector and the expanding office sector that were the primary focus of most property-led regeneration initiatives. The research therefore focuses on office and industrial developments that have been assisted by fiscal or grant regimes, or promoted by regeneration agencies over the last two decades.

The research is not an evaluation of the efficacy of policies through traditional monitoring and assessment of programmes, nor does it attempt definitions of efficiency and effectiveness, for whom and on what terms. The author has made a conscious attempt to avoid the often narrow and sterile approach favoured by consecutive Governments to measure the 'efficiency' or 'effectiveness' of their policies and programmes using crude, measurable outputs. These measures have become widely discredited (see Section 2.2.1) due to the 'creative accounting' that such systems encourage and the sometimes dubious linkages between outputs and outcomes e.g. construction of new commercial and industrial accommodation and the reduction of local unemployment.

3.4 Occupier Classification and Data Recording

The extensive and intensive data collection, recording, and analysis constitute the most significant components of the research project. The following sections describe in detail the approaches that were used to collect and classify the data required to pursue the research aims and objectives.

3.4.1 Identification of occupiers

20 of the biggest office and industrial developments promoted or assisted by the public sector in Tyne and Wear over the last two decades were inspected to ascertain the identity of the occupiers on each site. Site inspections commenced in the summer of 1996 and continued until December 1997 when a comprehensive list of all the occupiers of each development, totalling just over 800, had been compiled.

Office and industrial occupiers were identified by site visits to the 20 developments. Most industrial estates had maps/name boards at their entrance that provided an initial list, although they were rarely up-to-date. Maps were used to identify buildings on developments where the configuration or layout was complex or unclear. Offices usually had name-plates on the buildings or in the reception area which were generally reliable. Where the identity of an occupier was not clear from external inspection, the researcher rang bells and knocked on doors to ask the people in occupation who they were and what they did. Where possible, further information was sought, such as where the firm had come from and the name of a contact person. The laborious inspections provided a total population for the questionnaire survey.

One development not inspected was Team Valley Trading Estate (TVTE). This was because Gateshead Metropolitan Borough Council (1999) publishes a list of occupiers of TVTE, a copy of which was used as the source of occupier data, saving the researcher considerable time. The listing is comprehensive, reliable and up-to-date and provides the full postal address of each firm, together with telephone numbers, property use classified using the SIC, location grid reference and employment size banding. Unfortunately, the list does not identify firms that occupy premises that had been constructed in the EZ. It was therefore necessary to weed-out occupiers of non-EZ property and those that pre-dated the EZ. Using the building and grid references, it was possible to identify the firms that occupied premises within the EZ boundary, and by cross referencing it with a list of EZ developments provided by English Estates and a 1:2500 plan of the estate (English Estates 1993) the researcher was able to identify the occupiers of premises constructed during the life of the EZ.

The preliminary survey work was completed in 1998, since when the occupier database has been updated as new buildings have come on stream and occupiers

have moved in. Because new accommodation was still being built on most of the sites, repeat inspections were made every six months or so, to identify new occupiers who had located there and to record any changes in the existing occupiers. The reporting of market transactions in the local and property press, together with agents' reports of office and industrial markets in the North East, were scrutinised to cross check against new occupiers that had already been identified and to reveal any that had been missed. The scrutiny, updating and repeat inspections continued until summer 2001, when the population for the chaining exercise was fixed.

Two of the developments included in the questionnaire survey, Simonside Industrial Estate in South Tyneside, and the Business Innovation Centre (BIC) in Sunderland, were dropped from the subsequent phases of research for two very different reasons. Two buildings were constructed at Simonside, only one of which remained occupied; it was therefore dismissed as having little significance in the market. The BIC, by contrast was a very successful development, promoted by the Training and Enterprise Council and funded by the European Union, with five phases of construction, comprising 169 separate units accommodating over 120 small and medium sized enterprises. It is located on the site of the former Southwick Shipyard in Sunderland and forms part of the larger Sunderland Enterprise Park development, already covered by the study (see Chapter 4).

The high turnover of tenants at the BIC made it very difficult to keep track of what firms were in occupation at any one time, and the BIC management refused to provide the researcher with a list of tenants, claiming that they needed to protect the tenant's confidentiality and privacy. A list of occupiers was recorded using the tenant name board displayed in the reception area of the BIC, and was used for the questionnaire survey. However, the poor response rate from occupiers of the BIC suggested that the name board was not a reliable means of identifying who the current occupiers were because it was not kept up to date. A pragmatic decision was made to drop the scheme from the telephone survey because it would have proved very difficult and time consuming to identify occupiers, let alone negotiate with the BIC switchboard to allow the researcher to talk to them.

3.4.2 Database Design

The database was designed using Microsoft Access 97 (later updated to 2000) to facilitate the despatch of over 800 questionnaires and to record the 26 fields of data

collected for each office and industrial occupier. It comprised a table and form (see Appendix B), covering the data fields, the latter of which became the main device for recording and accessing occupier data. The database was created at the same time as the questionnaire to ensure that it effectively recorded the data captured for each question.

The names and addresses of over 800 office and industrial occupiers in Tyne and Wear were entered onto the occupier table together with the name of the development on which they were located, using the form view, under the field headings 'occupier name', 'unit address' and 'development name'. An Access report was produced that was printed on adhesive blank labels to create the address labels for mailing out the questionnaires. It was assumed that the database address was the appropriate one to send the questionnaire to, unless it had been ascertained that the sending of a questionnaire to the survey address would be unlikely to elicit a response, in which case the head office address was substituted. The nature of business field was also completed where this was known, either through familiarity with the occupier name or brand or from site inspection notes. All the occupiers of TVTE could be coded in this way because of the data provided by the Gateshead MBC (1999) listing.

Data, from completed questionnaires, was entered on the database using the form view and exploited the drop-down 'combo boxes' facility to speed up data entry and ensure accuracy and precision of coding.

3.4.2 Size of Occupiers

The size of firms and organisations was categorised not only by the number of employees but also by the size of premises occupied by firms. It became apparent from studying the size bandings used by other surveys, that there was no consistency or standardisation, so an alternative hybrid banding classification was devised. The bands needed to be narrower and more precise than ones used by the DoE and Valuation Office, but also needed to become wider as the properties became larger and therefore less numerous.

The size bandings adopted for the subject research were determined with reference to those used by the Valuation Office Agency (2000a) in the rating of non-residential property and from other property based surveys, such as those by local authorities

and other public sector agencies. Reference was also made to the bandings used by the Northern Property Analysis Service (1999). The aim was to determine bands that generated a balanced spread of responses across the categories, to aid analysis of survey data by avoiding categories that had few records. The DoE's EZ research (1995a) crudely banded buildings as small, medium and large according to use:

Table 3.4.3a Banding of Buildings by Size and Use

	<i>Small (sq ft)</i>	<i>Medium (sq ft)</i>	<i>Large (sq ft)</i>
<i>Office</i>	<i>0-3000</i>	<i>3000-10,000</i>	<i>10,000-30,000</i>
<i>Industrial</i>	<i>0-1250</i>	<i>1250-5000</i>	<i>5000-30,000</i>
<i>Retail/retail warehousing</i>	<i>0-10,000</i>	<i>10,000-25,000</i>	<i>25,000+</i>

(Department of the Environment 1995a p73)

Pratt, in his study of vacant industrial premises in Stoke on Trent (in Ball et al 1994) used five size bandings of less than 1000 sq ft, 1000 to 5000 sq ft, 5001 to 15,000 sq ft, 15,001-50,000 sq ft, greater than 50,000sq ft. A broadly similar approach was used for the subject research, except that more precise bandings were used for the smaller premises because the survey was to cover office, as well as industrial premises, which are typically smaller in size. The smallest size band, less than 500 sq ft, captured premises likely to be occupied by SMEs, which have previously been ignored by NPAS surveys in Tyne and Wear.

The same bandings were created and adopted for both office and industrial occupiers because of the blurring of the boundary between the two uses mainly caused by the introduction of the B1 use class. Although office space is measured, valued and let on a net internal area basis whilst industrial space is measured, valued and let on a gross internal basis (Royal Institution of Chartered Surveyors 2002), the subject research drew no distinction between the two. This was predominantly because most property occupiers do not know the precise size of the premises they occupy, let alone the basis on which it had been measured, but is also recognition of the fact that industrial units often include office space and some hybrid space defies classification.

Bandings were expressed in both imperial and metric units, although like most property surveys, areas were initially expressed in square feet then converted to square metres, which accounts for some metric measurements being quoted to the

nearest square metre rather than to the nearest 10 or one hundred units. The bandings used for the study are shown in Table 3.4.3b.

Table 3.4.3b Size Bandings used by the Study

Imperial (square feet)	Metric (square metres)
< 500	<46
501 to 2000	47 to 93
2001 to 10,000	94 to 186
10,001 to 20,000	187 to 929
20,001 to 50,000	930 to 1858
> 50,001	> 1859

3.4.4 Nature of Use and Activity

Firms and organisations were classified by the nature of business with which they were predominantly involved, which in the case of branches or subsidiaries, was the business that the parent organisation was involved with. It was determined early on that the Standard Industrial Classification (Table 3.4.4a) could not be used without some adaptation, because it was overly precise in its classification of manufacturing activities, but did not cover the full range and breadth of activity of service sector occupiers.

Table 3.4.4a Standard Industrial Classifications

No	Classification	Adaptation
0	<i>Agriculture, forestry and fishing</i>	<i>Ignored as rural</i>
1	<i>Energy and water supply industries</i>	<i>Translated to utilities</i>
2	<i>Extraction of minerals and ores other than fuels</i>	<i>Ignored as non-urban use although related coded as construction</i>
3	<i>Metal goods, engineering and vehicle industries</i>	<i>Generic heading engineering</i>
4	<i>Other manufacturing industries</i>	<i>Generic heading manufacturing</i>
5	<i>Construction</i>	<i>Property and construction</i>
6	<i>Distribution, hotels and catering repairs</i>	<i>Split to transport and distribution and food and catering</i>
7	<i>Transport and communications</i>	<i>Transport linked to distribution; telecommunications a separate category</i>
8	<i>Banking, finance, insurance, business services & leasing</i>	<i>Split into financial services; insurance, assurance and pensions; professional services (e.g. legal, accounting, surveying etc)</i>
9	<i>Other services</i>	<i>Other used as catchall</i>
10	<i>Energy and water supply industries</i>	<i>Translated to utilities</i>

(Office for National Statistics 2002)

Monitoring of EZs for the DoE used slightly different SIC categories to analyse the stock and occupation of property by activity, which were as follows:

Table 3.4.4b SIC Categories Used for EZ Monitoring

Letter	Classification	Adaptation
<i>D</i>	<i>Manufacturing (broken down)</i>	<i>Retained</i>
<i>E</i>	<i>Electricity, gas and water</i>	<i>Utilities</i>
<i>F</i>	<i>Construction</i>	<i>Merged with property</i>
<i>G</i>	<i>Distribution</i>	<i>Combined with transport</i>
<i>I</i>	<i>Transport</i>	<i>Combined with distribution</i>
<i>J</i>	<i>Financial services</i>	<i>Insurance/assurance/pension separate</i>
<i>K</i>	<i>Real estate and business activities</i>	<i>Professional services; property combined with construction</i>
<i>L</i>	<i>Public admin</i>	<i>Public services</i>
<i>M</i>	<i>Education</i>	<i>Widened to include training</i>
<i>N</i>	<i>Health and social services</i>	<i>Narrowed to healthcare</i>
<i>O</i>	<i>Other</i>	<i>Catch-all</i>

(Department of the Environment 1995a; Department of the Environment 1995b)

These proved far more useful but some further refinement was still necessary to capture emerging service sectors such as new media and computing/software development. More numerous refined categories were used to record the variety and breadth of activity that office and industrial occupiers were involved in, on the basis that it would always be possible to aggregate the results to match existing classifications if necessary.

The expanded classification (Table 3.4.4c), sought to identify some generic areas of business activity using terminology that would be readily recognised by business people. The final version required little refinement and was generally very effective, with few businesses not falling comfortably in to one or other category. A couple of notable exceptions were an undercover police facility masquerading as a plastic mouldings firm and disaster recovery office space that remained vacant. On reflection, two categories could have been combined, (financial services and insurance/assurance/pension) and travel and tourism was too narrow a category and could have been accommodated within retailing.

Table 3.4.4c Classification of business used for subject study

Name	Description	Examples
Computing	ICT and related	Software and systems development
Education and Training	Development and delivery of teaching and training	Universities, public and private training providers
Engineering	Heavy engineering, excluding civil, design and professional work	Metal work and machining
Financial Services	Banking and related services	Banks and building societies
Food and Catering	Making and supply of food and drink	Bakery, brewer, office catering
Insurance/assurance/pension	Insurance cover and life, pension and other investment products	Insurance and assurance companies and pension funds
Manufacturing	All manufacturing and assembly activity excluding engineering	Miscellaneous
Media/ Advertising/ Recruitment/ Reprographics	Publishing, promotion and recruitment	Graphic and web design, professional recruitment, printing
Medical and healthcare	All medical and related	Hospital supplies, convalescent housing provider, doctors and dentists
Other	Catch-all	Miscellaneous
Professional Service	Fee based services for clients	Solicitors, accountants, surveyors, architects, civil engineers
Property and Construction	Building and construction activity and supplies	Building contractors and merchants
Public Services	All public sector activity not captured by other classifications	Local Authorities, quangos
Research and Development	Development of new products, services and techniques	Specialised e.g. bio-technology
Retailing	High street sales	Sports clothing
Telecommunications	Telephone and other communications	Mobile phone networks
Transport and distribution	Haulage and logistics	Road haulier
Travel and tourism	Holidays and leisure providers and agents	Travel agents
Utilities	Electricity, gas and water	Privatised utilities
Wholesaling	Bulk retailing	Motor factors

An additional field was used to record the dominant activity that took place at the premises in question which may be different from the business in which the firm is predominantly involved, for example a storage and distribution facility for a retailer or

administrative office for a manufacturer. The classifications are shown in Table 3.4.4d. The default response was nature of business when there was no difference between the business classification and activity.

Table 3.4.4d Classifying Activity

Classification	Description
Sales and supply	Office based selling of products and services or logistics of supplying such product and services to customers
Management and administration	Head or back office functions involved predominantly with managing or administering a firm or organisation
Manufacturing and assembly	Industrial activity
Storage and distribution	Warehousing
as per nature of business	When the activity did not fit in any other category

3.4.5 Classification of Status

The identification of the status of occupiers is crucial to the research; it would be impossible to measure displacement and pursue occupier chains without it.

The DoE's EZ research (1995a) used three categories with which to classify the status of occupiers, namely: new branches, new start-ups and transfers. A fourth category of 'branch relocation' was added to distinguish between branches that derived from within the conurbation, as opposed to those originating from outside. The pre-designation firm category in the EZ research, was only used in the questionnaire survey and subsequently removed once pre-existing occupiers on TVTE had been weeded out. A final category of 'unknown' was added to classify those firms whose status it was not possible to determine.

The categories used to code the status of office and industrial occupiers were:

1. Transfer (of business) - a relocation of a firm from elsewhere in the conurbation
2. Branch relocation - a relocation of a branch of a firm from elsewhere in the conurbation
3. New branch - an opening of a new branch of a firm in the conurbation
4. New start-up - a new business setting up
5. Unknown

For the purposes of the research, which adopts a conurbation-wide study area, displacement includes both leakage from a target area, and displacement within it (see English Partnerships 2004). The rationale for this is that an occupier originating from within the conurbation but outside, for example, a development corporation's UDA (target area), would be regarded as leakage using EP's calculation of additionality. However, as far as this research is concerned, if an occupier originates within the conurbation (the target area), then their relocation will initiate an occupier chain and should therefore be considered to be displacement.

3.4.6 Reason for Relocation

The reason why occupiers had moved was sought using fourteen categories, two of which were drivers of a move, namely 'expansion' and 'rationalisation', whilst the remainder were reasons for choosing one location over another. The analysis of the data collected in response to this question was separated to acknowledge the different emphasis between the two. The other category was provided to capture any other reasons why occupiers had relocated or chosen the premises that they had moved to.

Table 3.4.6 Reasons for (re)locating

To allow expansion of business
To allow rationalisation of business
Better location for business
Best value for money for premises
Better quality/more modern accommodation
Proximity/availability of workforce
Better transport communications
Availability of car parking
Facilities provided
Better environment for workforce
Best package of assistance
Improved security
Better telecommunications
Other

3.5 Questionnaire Design, Pilot and Implementation

The questionnaire, developed by the DoE (1993a) to research the effectiveness of City Grant was used as a template when designing a questionnaire, because it had been used for a broadly similar purpose and had, apparently, worked well in capturing information from occupiers who had been recipients of gap funding (see

Appendix B). The researcher was keen to ensure that the layout of the questionnaire and the questions themselves were kept as simple and straightforward as possible to avoid any confusion on the part of the recipient.

The questions were presented in five sections comprising:

Section 1: Business details

Section 2: Accommodation

Section 3: Employees

Section 4: Origins (to be answered by branch relocations and transfers only)

Section 5: Reasons for (re)locating

See Appendix B for copies of the pilot and final questionnaires.

3.5.1 Pilot questionnaire Survey

The questionnaire was piloted on the occupiers of Central Business and Technology Park at Manors in Newcastle which was chosen because it had relatively few occupiers and was located on the doorstep of the University (indeed the University was one of the occupiers). Another reason for choosing Central Park to pilot the questionnaire, was because it had a good mix of occupiers, ranging from large corporate owner occupiers and tenants, to small businesses occupying space on easy-in easy-out terms in a multiple occupied building, the Technopole, the manager of which helped to distribute the questionnaire to the occupiers of the facility.

A covering letter accompanied the pilot questionnaires (see Appendix B), explaining the purpose of the survey and requesting feedback on the ease of completing the questions and for any areas of confusion or lack of clarity to be identified. Some recipients were interviewed over the telephone to elicit further feedback. The pilot survey went smoothly, with no significant problems being identified, and only minor changes to the presentation and language of the questionnaire were required ahead of the full survey.

The pilot survey generated a response rate of 60% because the occupiers were chased up by phone to secure a response. It was not practicable or realistic to do the same for the full population of over 800 different occupiers, and it would have also duplicated some of the effort involved in the telephone survey.

3.5.2 Full Questionnaire Survey and Response

Each occupier on the database was sent a postal questionnaire, the purpose of which was to rapidly assemble comprehensive data on a large number of occupiers of office and industrial property in Tyne and Wear. The survey provided information on the status and origin of firms and organisations and their reasons for moving. In addition, information on the number of employees before and after any move, the costs of occupation, financial incentives received and the factors influencing their decisions to (re)locate, were recorded.

784 questionnaires were despatched on 24 April 1998 (in addition to the 25 pilot questionnaires) under a covering letter (see Appendix B) that explained the purpose of the research. 174 questionnaires were returned sufficiently completed to be input into the database; 35 were returned marked 'gone away'; this allowed the database to be rationalised down to 774 occupier records. The final response rate was 22.5%, which was felt to be an acceptable response rate for a large scale postal survey sent to anonymous individuals with no opportunity to follow up non returns.

Table 3.5.2 Response to Questionnaire by Development

Development	Questionnaires sent	Questionnaires returned	Percentage response rate
Armstrong I.E.	13	4	31
Balliol B.P.	7	4	57
Boldon B.P.	28	6	21
BIC	59	11	19
Central Park	25	15	60
Doxford Park	10	5	50
East Quayside	9	4	44
Follingsby Park	5	2	40
Howard Street	25	3	12
Metro Riverside	4	2	50
New York I.E.	17	2	12
Newcastle B.P.	62	20	32
North Sands	28	7	25
Royal Quays	3	2	67
Silverlink	20	8	40
Sunderland E.P.	47	10	21
Sunrise E.P.	11	2	18
TVTE	351	56	16
TEDCO	64	5	8
Viking I.P.	7	3	43
Walker R'side	14	3	21
	809	174	22

N.B. BIC included; this development was subsequently dropped from the survey

The incubator/start-up developments (such as BIC, Howard Street, TEDCO and North Sands) generally had a poorer response rate than developments occupied by larger firms. This is thought to be partly because small, sole proprietor businesses, find it more difficult to spare the time to complete surveys, whereas larger organisations have greater capacity and resources to do so. Secondly, the high rate of churn of small business developments meant that more questionnaires miss their target as the intended recipient has moved on. As a result there may be a slight bias in the results of the questionnaire towards larger occupiers and therefore developments that accommodate them. Overall, the survey captured firms and organisations employing over 12,000 people, occupying over 3 million square feet of property and responsible for more than £1 billion of investment.

The response rate was low, but acceptable, and could only have been improved by sending out a follow-up questionnaire or pursuing recipients by phone. Neither option was pursued because a second questionnaire would most likely suffer the same fate as the first and the questionnaires had not been targeted at named individuals, which made chasing-up by phone inappropriate. An additional reason for not trying to increase the questionnaire response rate was that a telephone survey, to capture the origin of the firms and organisation that had not returned their questionnaire, had to be carried out. Therefore, responses to the key fields would be captured on all businesses regardless of whether they had responded to the questionnaire.

3.5.3 Telephone Survey

The researcher employed a telephone survey to pursue all firms on the database that had not responded to the questionnaire survey. This served three purposes, firstly to identify the status of all occupiers, without which it would be impossible to investigate the chains generated by those that had relocated. Secondly, and equally important, was the need to ascertain the origin of all transfers and branch relocations, because the address of their old premises was crucial for the chaining exercise. Thirdly, and of less importance, was to collect more comprehensive data on the occupiers of the 20 developments in order to verify and improve the accuracy of the original questionnaire survey analysis, making the findings more robust.

Preliminary research involved gathering telephone numbers and contact details for all the occupiers on the database, using hard copies of British Telecom and Yellow

Pages telephone directories as well as directory enquiries and on-line listings. The survey commenced on 17 November 1999. A pro-forma was used (see Appendix B) which summarised the essential information that the researcher needed to gather from the interviewees. Where possible, further information was elicited, for example what had happened to displaced occupiers' old premises, which proved valuable in the subsequent chaining exercise.

The database form view, with its drop-down combo boxes, allowed the researcher to enter new data straight on to the database whilst the researcher was in conversation with the interviewee, ensuring accuracy of coding and saving time. The researcher was able to complete at most 20 interviews a day, but valuable time was spent identifying the right person to speak to and trying to get to speak to them at a mutually convenient time. It soon became apparent that even at this maximum rate it would take far too long to interview the remaining 600+ occupiers.

A pragmatic decision was made to rationalise the number of records on the database because of the time it would have taken to carry out a telephone interview with each and every occupier. This was achieved in two ways, firstly by removing all occupiers of the BIC from the database (101 in total) because of the problems described previously, and secondly by refining and sampling the population of Team Valley to reduce its dominance within the database.

Team Valley is so big (by 1993 there were 533 businesses employing over 15,000 people, occupying 684,000 sq m of floorspace (English Estates 1993)) that even after focussing on the EZ part of the estate and excluding pre-existing firms, there were still over 350 different establishments occupying 250 units of accommodation built during the life of the EZ. Though a total population of TVTE was used for the questionnaire survey, in order to make the data collection manageable and to avoid this one development dominating the survey, a sample of occupiers on Team Valley was used for the telephone survey and subsequent phases of research.

In order to gather a representative sample, the 56 questionnaire respondents from Team Valley's EZ were profiled and compared to English Estates' (2003) list of TVTE EZ developments. This exercise identified the developments that were not currently represented on the database. The occupiers of these schemes were then telephoned, in alphabetical order of the firm's name, until all developments on TVTE

were represented. This sample, representing 1 in 5 of the occupiers of the Team Valley EZ, was then used for the chaining exercise.

At the end of the rationalisation, the size of the database had been reduced from just over 800 occupiers to a more manageable number of around 500. When the survey was completed in May 2000, detailed records had been compiled for 495 different occupiers across the 20 developments, with only five further occupier records incomplete. This population was used as the basis of the chaining exercise.

Arksey et al (1999) identify several advantages of telephone interviewing which are that:

'it is quicker, generates a high response rate, the interviewer can help respondents with any difficulties and can encourage reluctant phone subscribers to participate. The disadvantages of telephone interviews are that open-ended questions are harder to administer, they take up more interviewer time and demand a lot of concentration and energy'.

(summarising Arksey et al. 1999 p79)

The interviewing of over 300 occupiers was time consuming. It was not viable to seek a response to all the questionnaire fields, however the status and origin of all office and industrial occupiers was captured as a bare minimum and additional data was gathered for most interviewees. The telephone survey was a vital precursor to the chaining exercise.

3.6 Occupier Chaining

The use of the chaining technique, to investigate property market filtering, is at the heart of the research. The chaining technique, although well established in the residential property market, has been rarely used in industrial and commercial sectors, and only recently adopted for the study of the impact of property-led urban regeneration. Therefore, the detailed and comprehensive investigation of occupier chains, generated by occupiers relocating to the new office and industrial developments in Tyne and Wear, is an important contribution of the research to our understanding of property market filtering, occupier displacement and the wider impact of public sector intervention in land and property markets.

Previous studies had been confined to a very small sample (Valente et al 1982) or to a single tool of regeneration (Department of the Environment Transport and the Regions 1998a). The technique facilitates measurement of the strength of the filtering effect within the office and industrial sub markets in the conurbation and allows the researcher to map the spatial origin of the office and industrial occupiers that have relocated and the distribution of the chain end properties.

Valente et al (1982) adapted the practice of recording owner occupier chains in the residential market in order to evaluate the impact of local authority advanced factory units. The implicit assumption was that the choice of possible locations for a firm are ultimately restricted by the premises available. They suggested that:

'the construction of new premises will generate its own filtering system. When firms move into new premises other firms will move into the premises made vacant by the initial decision to relocate.'

(Valente et al 1982 p67)

Valente et al (1982) applied the chaining technique to a sample of 18 local authority advanced factory units, 11 of which revealed chains of between two and five stages (see 6.6). They described the basic idea as very simple, the concept suggesting that the construction of new premises will generate its own filtering system.

'When firms move into these new premises other firms will move into premises made vacant by the initial decision to relocate into the (local authority) constructed premises. This will release more premises further down the filtering chain. Since premises further down the chain are likely to be older ones, they will (hypothetically) be particularly suitable for the specific requirements of small firms and crucially, new firms with limited resources. Filtering chains might thus end with the movement into the vacated premises of firms completely new to the local economy.'

(Valente et al 1982 p64)

Fothergill et al (1987) suggested that public sector factory building might raise an area's level of economic activity by creating vacancy chains, arguing that the total job gain arising from the construction of the new factory could be the sum of the job gains at each stage in the vacancy chain.

The chaining technique was resurrected by the Centre for Urban Policy Studies (CUPS), at the University of Manchester, for their research into the impact of the 'mini' UDCs in Leeds, Bristol and Central Manchester (Department of the Environment Transport and the Regions 1998b). Spill over effects were measured

by identifying vacancy chains created by new businesses to the UDAs and by following the successive links in the chains to distinguish between additionality and displacement.

'The chaining methodology enhances conventional approaches to policy evaluation, the majority of which have looked exclusively at policy impacts within delimited geographical boundaries.

Conventional approaches to the analysis of the impact of regeneration concentrate largely on the immediate outcome of activities within (prescribed) boundaries.

It is the interpretation of displacement and additionality that the use of vacancy chains is of special value for evaluation research.'

(DETR 1998b pp136-138)

Its publication (Department of the Environment Transport and the Regions 1998b), was precisely at the time that the author was searching for a methodology with which to pursue the occupier chains that had been identified by the first phase of the research. The authors of the DETR report wrote a series of conference and journal papers both before and after the publication of the report, that present their research findings with slightly different emphasis (Deas 1996; Deas et al 1999; Deas et al. 2000), but for the sake of clarity reference will predominantly be drawn from the authoritative DETR report.

The survey (Department of the Environment Transport and the Regions 1998b) survey pursued property chains within the UDAs of the three mini UDCs in Bristol, Central Manchester and Leeds. Their study was confined to the respective UDAs and did not look at the wider impact across the cities, therefore they adopted the narrower definition of displacement that ignores leakage from the wider conurbation. To the author's knowledge there have been no other studies that have applied the chaining methodology to other tools of property-led regeneration.

The CUPS survey differs from the subject study because it included leisure, retail and garage uses and it curiously recognised chains of zero length, when in fact, only when a relocation has occurred, and a link created, can a chain exist. Of 115 potential occupier chains compiled, 57 resulted in actual chains, of which only three comprised more than two links. This contrasts with the work of Valente et al (1982) who recorded longer chains. It is believed that the subject research investigates more chains, over a wider area, than any previous research in this field, in order to

determine the scale and complexity of the operation of the filtering process in the Tyne and Wear conurbation.

'Displacement can be associated with a move from within the local economic area which leaves behind a vacant or demolished building or one which was converted to non-commercial use.

As long as premises are ultimately reoccupied by commercial uses, a relocation cannot simply be considered to represent displacement. Only when a chain ends in vacancy, or the demolition of premises within the metropolitan area, can one determine that intervention has generated negative displacement.

The relevant event is therefore not the immediate move of a business to a property development but the net effect of the completed chain.'

(Department of the Environment Transport and the Regions 1998a p136)

Robson et al (1999) suggested that such displacement could be viewed more positively, in ecological terms, as constituting the invasion of new and more buoyant activity weeding out less competitive enterprises which goes back to Hoyt's notion of succession and invasion. The refreshing feature about chaining, compared with other methods of policy evaluation, is that the chains go where they want to go and as such the researcher cannot distort the path or the tangible outcome of a chain. There is therefore little opportunity for bias in the recording of occupier chains.

The aim of the second phase of the research project was to understand the influence that property-led regeneration policies have had on the location, provision and occupation of office and industrial property in Tyne and Wear. The chaining technique was used because it provided an effective method with which to conduct grounded research into the impact of intervention on a property market. It offers a relatively straightforward method of revealing the response of occupiers to the supply and subsidy of accommodation, and tracking the knock-on effects of their behaviour in respect of the vacating and take-up of their old premises. In so doing, the shift in demand to certain locales, and the consequent potential blighting of other areas caused by displacement, manifested by vacant properties, lack of new build, poor rental growth and low values, could be recorded.

Pratt (1994) believed that abstraction is an important and crucial stage in any analysis, but that if it is to inform the understanding and explanation of concrete phenomena then it is essential that it is grounded in such concrete occurrences. The

investigation of occupier displacement and property chains is firmly grounded in actual events, i.e. the relocation of firms and the status of end of chain properties, which informs the final stage of analysis.

Having identified the occupiers of developments promoted by property-led regeneration policies, and ascertained their status and origin, the chains of firms that were not new to the metropolitan area were investigated to record what had happened to their old premises. The end of a chain is significant because this is the final manifestation of the impact of the initial intervention. The technique captures the displacement and additionality generated by policy intervention and leads to effective impact assessment. Chaining provides a comprehensive approach to exploring the domino effect caused by in-movement and is a helpful way of identifying negative and positive spill over effects, as well as being able to distinguish displacement as a component of additionality.

By plotting the origin of firms on the 20 developments, the geographical distribution of premises vacated by relocating firms within Tyne and Wear was mapped, and the distance that they have moved, measured. The average distance of moves for each development and for different types of occupier was calculated, as well as an overall figure for all relocations within the conurbation. In addition, the location of vacant property at the end of an occupier chain was plotted to identify which areas have been most affected by displacement within the conurbation.

Having identified the status of all occupiers recorded on the database it was possible to investigate the chains generated by those that had relocated from elsewhere in the conurbation. As reported in Chapter 5, transfers and branch relocations accounted for more than half (52%) of all occupiers captured by the questionnaire and telephone surveys. It was these occupiers that formed the start of the chains.

However, as long as premises are ultimately reoccupied by commercial uses, relocations cannot simply be considered to represent displacement. Only when a chain ends in vacancy can one determine that intervention has generated negative displacement. The outcome of a move by a business to a property development is not the move itself but the net effect of the completed chain.

'Displacement can be associated with a move from within the local economic area which leaves behind a vacant or demolished building or one which was converted to non-commercial use.'

(Department of the Environment Transport and the Regions 1998a p136)

A pro-forma was devised (see Appendix C) on which to record occupiers and properties that made up the chains. Its design was influenced by the pattern that chains make, linking occupier to premises to occupier, and so on. By arranging the boxes in an extended series of 'S' shapes it was possible to capture all chains on one side of A4 paper.

It was anticipated that most chains would only be one or two links in length and would not take long to determine, however chains that involved three or more links may potentially be more difficult to complete, as they relied on the cooperation of occupiers who often had no knowledge of their predecessors and no interest in helping with the research. Because of the simplicity of the technique, it could easily be explained to a lay-person so there was relatively little confusion on the part of the occupiers as to the purpose of their contribution. Reassuringly, most participants were only too pleased to assist, showing genuine interest in what the research was trying to achieve.

One of the most challenging aspects of the work was the recording of chains that split, in some cases into as many as five or six strands. This tended to occur when a larger firm or organisation had consolidated its operations under one roof, having previously been in a number of different buildings, or had down-sized, vacating large premises which were then fragmented through multi-letting. Some chains connected to each other, when a property at the end of one chain was the same as the one at the start of another. For the purposes of the research they were recorded as one longer chain rather than two fragments. One unique event was when a firm moved from offices on Newcastle Business Park, to Baron House in Newcastle, a building that their sister company had previously vacated by relocating to the business park; this created a loop, or bracelet.

When a chain could not be progressed because there was no contact or lead to pursue, it was necessary to pay a visit to the premises and 'knock on some doors'. The researcher waited until he had a dozen or so chains to investigate and then went out for a day of site inspections. Often the premises were found to be vacant, and neighbouring tenants proved to be a useful source of information on what had

happened to their former neighbours. The process of chaining is particularly intriguing and interesting because it descends down through the property markets, from the brand new, prestigious office premises or state-of-the-art industrial sheds, to the secondary and tertiary locations that increasingly suffer from physical, functional and economic obsolescence, characterised by dilapidated premises, poor environment and high numbers of void properties.

Whilst carrying out the chaining inspections, the researcher was able to observe at first hand the impact of a new office or industrial development on nearby areas. Vacant chain end property was often found to be located in areas with poor infrastructure and a weak occupier market evidenced by a high level of vacancy, that were struggling to recover from occupier relocations. It was apparent that, as well as some transfers and branch relocations originating from particular places (e.g. Washington), some of the chain ends were also concentrated in particular locations, for example the east side of Sunderland City Centre where voids were much in evidence.

It is important to acknowledge that vacancy will inevitably occur at some stage in the filtering process, indeed it is essential if occupiers are to move at all, and should not be viewed as a problem *per se*. However, if vacancy persists it will blight and stigmatise a locality, generating negative externalities and damaging investor and market confidence. The revisiting of vacant chain end properties four years after the original survey revealed changes in their status and condition, and the identification of persistently vacant property permitted the identification of characteristics that cause some properties to remain vacant. Indeed, the mapping of the spatial distribution of vacant chain end properties has identified locations in Tyne and Wear where vacancy is most likely to persist due to low demand and take-up (see Section 6.9). The aforementioned blight, caused by the vacant properties themselves, may contribute to these conditions and lead to the all too familiar downward spiral of decline that can affect the most vulnerable urban areas.

3.6.1 Classification of Chain-ends

The end of a chain is significant because this is the ultimate manifestation of the impact of intervention and the technique permits measurement of displacement and additionality generated by policy intervention and as such allows impact assessment.

'Chaining provides a comprehensive approach to exploring the domino effect caused by in-movement and is a helpful way of identifying negative and positive spill over effects, as well as being able to distinguish between additionality and displacement.'

(DETR 1998a p134)

Having identified the occupiers of developments, their origins can be ascertained, and the chains of occupiers that are not new to the conurbation followed to record what has happened to their old premises. Valente et al (1982) crudely classified chain ends in two ways, either as a 'new firm' or 'premises demolished'. Robson et al (Department of the Environment Transport and the Regions 1998a) recognised the two chain outcomes as 'birth of firm' or 'death of premises', however under these two generic headings they introduced sub categories.

Table 3.6.1 Chain End Classification

<i>Birth of firm</i>	<i>Death of Premises</i>
<i>Newly established firms</i>	<i>Demolition of premises</i>
<i>New branch of existing firm</i>	<i>Conversion to non-commercial uses</i>
<i>In-migration from outside study area</i>	<i>Expansion into additional premises</i>
	<i>Long-term vacancy</i>

(DETR 1998a)

Robson et al categorised chain links as either 'continuing chain' or 'chain ends'. Continuing chains were due either to a relocation or merger, chain ends were either a new business or branch, an expansion of an existing business, conversion and change of use, vacancy or demolition. The subject research used these categories but added a further two. Firstly, office or industrial premises that had been so substantially redeveloped needed to be acknowledged as a separate category, because they had been comprehensively changed such that they bore little resemblance to their previous incarnation. Secondly, there was a need to recognise the process of absorption by neighbouring occupiers taking-up the space vacated by a departing occupier in order to facilitate expansion, for example an office tenant on the floor above or an industrial tenant in the adjoining unit.

The subject survey recorded that this occurs with some frequency and needs to be regarded as a positive side-effect of generating displacements because both firms, the relocating one and their old neighbour, improve their accommodation without creating any empty space. Chain ends were therefore classified in six ways:

1. vacant property (including available to let, for sale or awaiting redevelopment)

2. change of use from office or industrial
3. occupation by a new start-up
4. occupation by a new branch
5. occupation by expansion of an existing occupier
6. substantially redeveloped (for office or industrial use)

3.6.2 Limitations of Chaining

Robson et al, in their assessment of the three mini UDCs for the DETR (1998a), identified three specific limitations of the chaining approach. Firstly, there was a lack of comparable studies, secondly, the counterfactual problem and thirdly, there was little information collected on the replacing firms further down the chain (Department of the Environment Transport and the Regions 1998a).

The subject research addresses the first limitation and if studies in other locations are carried out they would further contribute to our understanding of the performance of this technique. The second is discussed as a general limitation in Section 3.9.1. The third could be addressed by performing a more detailed chaining exercise to capture the same level of data on replacing firms as has been assembled for original firms although it would be a time consuming process. This is an area for further research.

The use of GIS software, to record and illustrate data collected by the chaining survey, was contemplated but dismissed, firstly, because of the time needed to seriously pursue this opportunity, which would have jeopardised the completion of the third phase of the research. Secondly, it was not immediately apparent improvements GIS would have made to the analysis that had already been completed. GIS software may be able to offer a different analytical perspective of the chaining data and represents another opportunity for further research.

3.7 Occupier Interviews

The extensive first phase of research identified the factors that most influence the location decisions of office and industrial occupiers in Tyne and Wear, but failed to capture the depth and complexity of the business environment within which firms and organisations were operating, and neglected the way in which they went about making such important decisions. To address this inadequacy, it was necessary to adopt a more sophisticated approach to the investigation of office and industrial

occupier location decision-making. This was achieved by the third phase of research, which subjected not just the decisions and influencing factors to detailed scrutiny, but also the process by which the decisions were reached. In so doing, the behaviour of individuals in firms and organisations, tasked with the making of the two 'key' decisions, has been thoroughly explored and the wide ranging conditions that influence the people involved in the process have been captured and evaluated.

The third phase comprised a series of structured interviews of office and industrial occupiers. The purpose of the interviews was to reveal the way in which property occupiers decide, in the first instance, that they need to relocate and secondly, how they determine where to move to. Identical questions were asked of all interviewees, to assist comparison and analysis of their responses. The format permitted the interviewer to explore particular themes in some depth as well as providing an opportunity for interviewees to raise other issues.

By focussing the research on occupiers, it is possible to attribute a relocation move to two specific decisions, made by people in a particular firm or organisation. This is firstly the determination that there is a need to move and secondly, the decision of where to move to. The decisions themselves are subject to a particular set of circumstances and influences dictated by the business/economic/political environment within which the firm or organisation operates. By interviewing the people who made these critical decisions, on behalf of firms and organisations, light can be shed on the factors that influenced the decisions and the way in which the decisions were made (see Chapter 7). The interviews were conducted in two batches between April 2002 and April 2003.

3.7.1 Sampling

Interviews were sought from approximately fifty (out of a total population of 500) office and industrial occupiers who responded positively to the request for an interview in the questionnaire and telephone surveys. The interviewees were therefore drawn from the survey population of occupiers that had (re)located on one of the 20 office and industrial developments in Tyne and Wear. They represent the significant 'first moves' to the new office and industrial accommodation that was promoted and assisted by public sector intervention in Tyne and Wear. Without such moves occurring, the occupier chains, recorded by the chaining survey, would not start and property market filtering would not occur. Interviewing the property

occupiers further down the chains, to identify whether their decision making processes, behaviour and characteristics, differ from those occupiers at the top of the chains, is an opportunity for further research.

The interviewees represent firms and organisations that were transfers, branch relocations, new branches and start-ups. Reassuringly, the profile of the status of the interviewees is very similar to that of the total population captured by Phase 1 (Section 5.3).

Table 3.7.1a - Comparison of Profile of Status of Interviewees with Total Population of Survey

	Transfer	Branch Relocation	New Branch	New Start-up
Total Population	136 (27%)	129 (25%)	133 (26%)	109 (21%)
Interviewees	8 (29%)	6 (21%)	8 (29%)	6 (21%)

The occupiers were contacted in alphabetical order to confirm that they were still prepared to allow the researcher to interview them, and to arrange a convenient time and date for the interviews to take place. During this process some potential interviewees withdrew, due mainly to work commitments and time pressures. In some instances potential interviewees identified by the questionnaire survey three years previously had unsurprisingly moved on, in which case a replacement person within the same firm or organisation was approached. Where an adequate substitute was identified, an interview with them was sought, however on most occasions their immediate replacement was new to the firm, or did not have the intimate knowledge or experience about the firm or organisation's move to their new premises, in which case the inquiry was not pursued further.

Maykut et al (1994) advised that when creating a sample it is necessary to acknowledge the complexity and limits of generalisability. By using as wide a range of cases as possible, the maximum variation may be achieved. When developing a sampling profile they suggested that the researcher should think about the variables that are the most important for building in variation.

'To determine sample size, the researcher should continue to collect data until they uncover no new information; when they have reached saturation point; a point of diminishing returns.'

(Maykut et al 1994 p70)

The researcher carried out 29 separate interviews, representing 28 different firms and organisations, with one interviewee (#28) representing two organisations. By the end of the interview phase it was apparent that a saturation point (Strauss et al 1998), or redundancy (Lincoln et al 1985) had been reached. Although the individual details of occupiers' experiences were different, the generic messages emanating from them were reinforcing the views already expressed by those interviewed earlier.

The matrix below (Table 3.7.1b) illustrates the wide spread of interviews across type of business and developments. Two of the smaller developments, Howard Street and Metro Riverside, were not covered by the interview phase because none of the occupiers had indicated a willingness to be interviewed. Three types of business were not captured by the interview phase, namely 'public services', 'utilities' and 'other'. The former was covered to some extent because the Regional Technology Centre and Further Education Funding Council are both quasi public bodies, but were categorised more precisely as 'Research and Development' and 'Education and Training' respectively. It was not possible to obtain an interview with a utilities firm, partly because relatively few occupiers were classified as such (Section 5.2). The 'other' category was used to capture uses that did not fall in any of the other categories.

Table 3.7.1b Business Sectors and Developments Represented by Occupier Interviews (numbers represent interviews – see Chapter 7 & Appendix D)

	Computing	Education/Training	Engineering	Financial Services	Food/Catering	Ins/Ass/Pens	Manufacturing	Media etc	Medical/Healthcare	Prof Services	Property/Construct	Public services	Research & Dev't	Retailing	Telecoms	Transport/Dist	Travel & Tourism	Wholesaling
Arm																		18
Ball													12					
Bold								1										
C.Pk		21							8								22	
Dox				17										20		9		
EQ								28*		4								
Foll														24				
How																		
Met																		
NBP						15					13							
NY								26										
NSa				14					2									
RQ	25																	
Silv											7							
SEP									29				5				22	
Sun								6						23				
TED			3															
TV					19					16								
Vik			11					28*										
Walk							27									10		

Table 3.7.1c illustrates that there is a good spread of interviewees across all sizes of occupier, but that there has been some drift towards the very big occupiers by floorspace, in particular those firms occupying more than 50,000 square feet. In contrast, the other proxy for size, number of employees, does not show such a marked shift. This is not considered to be a problem because the scale of the interview phase has ensured that all size categories by floorspace and employees are represented by at least one interviewee. Some of the drift is due to the expansion of firms and organisations when they move and this is discussed at some length below.

Table 3.7.1c - Size of Interviewees Compared with Survey of Total Population

Floorspace (sq ft)	Interviewees	Total Population %
<500	4%	8%
501-2000	29%	28%
2001-10,000	25%	29%
10,001-20,000	11%	16%
20,001 –50,000	11%	11%
>50,000	21%	8%
Employees		
5 or less	22%	23%
6-10	11%	28%
11-20	18%	16%
21-50	21%	12%
51-100	4%	9%
101-500	18%	8%
>501	7%	4%

3.7.2 Format and Recording of Occupier Interviews

Unstructured interviews, that emphasise rather than suppress differences, are generally regarded as the most appropriate type of interview because by making the research technique open-ended, discoveries can be made (Sayer 1984). Such an approach facilitates the collection of a large quantity of detailed information that can get out of hand and is difficult to categorise and analyse. Given that the interview phase followed two previous phases of data gathering, the author felt that assembling a large quantity of detailed and potentially wide ranging material was not desirable. For this reason structured interviews were chosen, adopting a standard set of questions and prompts, but allowing the interviewees opportunity to elaborate or go off on a tangent where necessary. This permitted the capture and recording of

information from all participants that was directly comparable and relatively easy to analyse.

The questions were grouped into six sections or themes, the first of which was to confirm basic details about their firm or organisation, secondly to gather some background information and start the interview off gently. The next two sections were the most important, where the rationale behind the decision to move, and the decision where to move to, were explored. The fifth section required the interviewee to reflect back on what had happened since the move, in terms of satisfaction and performance, and the final section identified public sector assistance that may have received and its influence on the location decision. The researcher used a pro-forma (see Appendix D) listing the interview questions to record the interviewees' responses and offered to send them a copy of this in advance of the interview if they so wished. The notes were a fall-back measure which proved invaluable when recording equipment malfunctioned.

Patton in Maykut et al (1994) felt that it was best to begin the interview with a non-controversial question framed in the present, and to save potentially threatening knowledge questions until some rapport has been established. The number of background and demographic questions should also be minimised. Arksey et al (1999) confirm that to help put the informants at ease, interviews should begin with 'ice breaker' or 'easy-to-answer' questions that may relate to more factual aspects of the situation or general background details. Interviewees were asked to confirm and update the information that had already been gathered on their organisation from the telephone/questionnaire survey and to elaborate on any further background information. The structure of the interview was based on this sound advice.

Patton (Maykut et al. 1994) also identified three major pitfalls for researchers during interviews: the closed question, unclear or vague questions and complex questions. He suggested using categories of enquiry, or themes, as a guide to interview or to develop a small set of broad open-ended questions, based on these categories of inquiry. Arksey et al (1999) confirm that interviews should follow a logical and orderly sequence. The main groups of questions therefore followed a chronological order, from deciding that a move was required, to determining where to move to, to reflection on post-move satisfaction, to identifying the significance of any public sector assistance. 'More complex, abstract or sensitive areas of enquiry should be

left until the later stages of the interview before returning to more neutral ground by the end' (Arksey et al 1999).

The interviews, once arranged, were relatively straight-forward to carry out and the interviewees responded readily, often enthusiastically and in some detail, to questions posed. The length of the interviews ranged from 30 to 50 minutes, depending on the complexity of the individual or organisation's 'story', the willingness of the interviewee to elaborate on particular matters and the time available for them to be interviewed. Failure of the recording equipment on five occasions (interviews 16, 21, 27, 28 and 29) necessitated reliance solely on the detailed interview notes.

3.7.3 Conduct of Interviews

Interviews were carried out at the convenience of the interviewees, typically at their place of work during normal working hours; four interviews were conducted over the phone, rather than face-to-face. Interviews commenced with the researcher asking the interviewee for permission to record the interview on audio tape; if the interviewee wanted to talk 'off the record' the tape recorder was stopped. All interviewees consented to the interviews being recorded and only recording only had to be stopped a couple of times because of confidentiality issues.

The interview proper began with a personal introduction, an explanation of the purpose of the interview and the researcher's wish to separate the two elements of decision making (the decision to move and the determination of where to move to) before progressing in sequence through the six sections (see interview pro-forma Appendix D). The format of the interviews worked well and no significant problems, other than equipment failure, were encountered.

3.7.4 Analysis of Interview Material

The data generated from the first phase of the research was mainly quantitative in nature and was analysed and reported on an empirical basis. The second phase of research employed a hybrid of quantitative and qualitative methods, recording and reporting the tangible outcomes of occupier displacements using the chaining technique but also using empirical data for analysis and presentation of results. The data generated from the third (interview) phase of research was qualitative in nature and has been analysed using the constant comparative method which combines

inductive category coding with a simultaneous comparison of all units of meaning (Glaser et al 1967). In this process there is room for continuous refinement; initial categories are changed, merged, or omitted; new categories are generated and new relationships can be discovered (Goertz et al 1981).

All the recorded interviews were transcribed in full, adopting standard conventions. The transcripts and detailed hand written records of the interviews allowed thorough analysis of the interviewees' responses to the questions.

'Words are the data of qualitative research.'

(Maykut et al 1994)

Maykut et al (1994) suggested that research should be orientated towards discovery of propositions by observation and inspection of patterns that emerge from the data by early and ongoing inductive data analysis. Once a subset of data is accumulated, leads can be identified and followed. The first phase of the subject research fulfilled this purpose and generated the leads that could be pursued in the latter phases. Arksey et al (1999) suggested that even at the earliest stages of data collection the researcher can be on the look-out for themes that seem especially significant and to keep notes of ideas, hunches and insights. This is where the research log or diary becomes invaluable.

Maykut et al (1994) also believed that what is important is not pre-determined by the researcher, but that the outcomes evolve from the systematic building of homogeneous categories of meaning, inductively derived from the data.

'Using the constant comparative method it is possible to develop propositions, statements of fact inductively derived from rigorous and systematic analysis of data. What becomes important emerges from the data out of a process of inductive reasoning.'

(Maykut et al 1994 p120)

Strauss et al (1998) identified three approaches to inductively deriving findings by examining peoples' words:

1. *Story telling data without analysis*
2. *Describing accurately what the researcher has understood, reconstructing the data into recognisable reality also interpretive-descriptive*
3. *Grounded theory inductively derived, development of theory requires highest level of interpretation and abstraction from data.*

(Strauss et al 1998 p148-149)

The interviews transcripts were carefully read. Emergent concepts were selected and coded-up paying particular attention to quotes and their context. For each interview a note was made for every concept. Later, all the information on each key concept was collated across all of the interviews and the subsequent analysis was based upon it. Thus the information collected dictated the form of analysis (Pratt 1994).

An inductive, interpretative analytical approach has been used to derive units of meaning from the interview material. The approach adopted falls most readily into the second of Strauss et al's (1998) three, because although the interviewees were telling 'their story' they were doing so in response to questions posed by the interviewer. The structured interview provoked the interviewees to focus their attention on the decisions that they made, firstly to move and secondly where to, the rationale behind these decisions, the factors that most influenced them and the way in which the decisions were actually made. Although the interviewees' words were recorded and typed verbatim, the researcher coded, fragmented and reassembled the material using the researcher's own interpretation of the interviewees' answers and statements.

The third approach identified by Strauss et al (1998) was not attempted, as the researcher wanted to avoid abstracting the material too far from its original source, which runs the risk of losing touch with the personal views and thoughts of the interviewees. Equally, there is the danger of imposing too much personal interpretation on their words such that their original meaning is distorted.

Arksey et al (1999) identified a number of potential problems associated with the nature of meaning in response to open and closed questions. These include hidden judgement, forgetfulness, halo effects, type of understanding and the interviewer's own preconceptions. Whilst it is impossible to avoid such problems it is possible to minimise their impact by asking open questions in response to which the interviewees' thinking is clear and they have the opportunity to convey their own agenda.

Goertz et al (1981) described a process by which material is assembled under headings by cutting out highlighted sentences and paragraphs from the photocopies of the material. To do this effectively the researcher has to re-familiarise themselves

with all the data and notes that had been compiled. In carrying out this process there was room for continuous refinement of the material and analysis; initial categories or strands were changed, merged or omitted; new strands and sub-strands were generated; and new relationships discovered.

The researcher adopted the technique described by Goertz et al (1981), to analyse the data collected from the interviews, and found it to be an effective and precise way of assimilating and refining a large quantity of material. All the material generated by the interview phase was typed or written-up and photocopied. The researcher carefully read, and re-read, the interview transcripts and interview notes generated by each of the 29 interviews. 18 units of meaning were identified by recurring words or phrases in the data, these were labelled 'strands' (see Appendix D). The strands were used to code the statements made in the interviews that, in the opinion of the researcher, were significant to the research. Once all the interview transcripts and notes had been coded, the researcher grouped together all the similarly coded statements under the individual strand headings. Having organised the material in this way, the content of each strand was reviewed and refined by moving, where necessary, statements between strands to make them more coherent and consistent.

In total over 350 individual statements, comprising over 13,500 words, were assembled in this way. The next stage was to carefully study the material gathered under each strand to identify smaller units of meaning or sub-strands. Some of these had become apparent during the original coding and grouping exercise, others presented themselves on closer scrutiny of the individual statements. This allowed the data to be organised more precisely. A total of 51 sub-strands were identified (see Appendix D) that captured the specific aspects or characteristics of each strand and represented views that a number of interviewees had in common. The statements were reorganised under the sub-strand headings to focus the material more narrowly and identify the messages emanating from the interviews more clearly.

The final stage of the analysis of the interview material was to identify broad themes that cut across all the strands and sub-strands using a process of axial coding (Strauss et al,1998). Themes were derived with reference, not just to the those identified from studying and organising the interview material, but also from the earlier phases of the research. Ten distinct and substantial 'cross cutting' themes were established that comprehensively covered all the sub-strands (see Table 7.2).

The sub-strands were allocated across the themes. Some sub strands fitted comfortably into one theme, others split across a number of themes. The 350+ individual statements that had previously been assembled under the strand headings were reorganised by cross-cutting theme and form the basis for the presentation of the findings derived from the analysis of the interview data.

The axial coding approach enabled the researcher to, not just, identify and pursue strands, but break these down or unravel them to reveal their component parts or sub-strands. The prominent cross cutting themes, arising from the interviews and previous phases of research, have been isolated and the sub-strands allocated to them, to establish a two dimensional analysis, the construction of which allowed a small number of essential themes, or units of meaning, to be elevated back out of the fragmented sub-strands. Strauss et al (1998) describe the purpose of this process as being:

'the reassembling of data that were fractured during open coding where categories are related to their subcategories to form more precise and complete explanations about phenomena.'

(Strauss et al 1998 p124)

3.8 Triangulation

Triangulation is employed to synthesise the findings of the phases of research. The term 'triangulation' was first employed in a research context by Webb et al (1966) to describe a study that combines different research techniques to explore one set of research questions. The basic idea of triangulation is that data are obtained from a wide range of different and multiple sources, using a variety of methods, investigators or theories.

'Triangulation is not an end in itself but serves two purposes, confirmation and completeness. It is also regarded as a strategy to overcome problems of validity because by collecting diverse sets of data derived by different methods there is less chance of making errors or of drawing inappropriate conclusions than would be the case if relying upon one data set.'

(Arksey et al 1999 p21)

Denzin (1970) presents four types of triangulation, methodological, data, investigator and theoretical. The subject study employs both methodological and data triangulation by using a variety of methods to collect and interpret the diverse data.

The methodological triangulation is 'between or across method' because two or more distinct methods (questionnaire and telephone survey, chaining and semi-structured interviews) are employed to measure the same phenomenon, namely displacement. The rationale is that cumulatively the weaknesses of one research method are offset by the strengths of the others. The data triangulation is achieved by synthesising data from the preliminary questionnaire and telephone surveys with both the chaining exercise and interview analysis.

Fielding et al (1986) advise that the researcher should incorporate at least one method of data collection that describes and interprets the context in which the interaction occurs and one that is designed to primarily illuminate the process of interaction itself. Blaikie (1992) warns that the researcher should be careful that the mixed-methods don't end up as something of a hotchpotch, with no underlying intellectual rationale to justify the choice of methods. The researcher believes that the systematic investigation of occupier displacement in Tyne and Wear manifestly accords to this view. The significant findings derived from the analysis of the interview material have been analysed with reference to findings from the previous phases of research, to achieve a synthesis and integration between all three phases of the research.

3.9 General limitations of the Research

Robson et al (Department of the Environment Transport and the Regions 1998b), in their assessment of the impact of urban policy for the DoE, identified six problems of research in this field, which they labelled the six 'Cs':

- *the counterfactual problem of assessing what might have happened in the absence of government intervention*
- *the confound problem arising from the fact that outcomes can be affected by many public policies (attribution)*
- *the contextual problem that local authorities' areas (places) started the period from very different conditions*
- *the contiguity problem associated with the fact that intervention in one area can have positive 'spill over' or negative 'shadow' (side) effects on adjacent areas*
- *the combinatorial problem that public assistance has been delivered to places in differently constituted packages of programmes*
- *the changing choice problem which arises from the fact that the sets of places targeted to receive preferential assistance alters over time and across different programmes*

(Department of the Environment 1994a p4)

Researchers should be aware that these problems exist but also need to acknowledge that they are not easily resolved. The most significant of the six 'C's for the subject research is the counterfactual problem (see below). Most of the other 'C's are not problematic for the subject research because it is an in-depth case study rather than a comparative analysis. However, the acknowledgement that intervention can have a shadow effect is encouraging because it reinforces the purpose of the chaining study and the investigation of the side-effects generated by public sector intervention in office and industrial property markets in Tyne and Wear.

3.9.1 The Counterfactual Problem

The counterfactual problem is best explained as a question: what would have happened without the intervention? It is something of 'an old chestnut' that is impossible to resolve satisfactorily, particularly because urban areas are heterogeneous and comparison between them is difficult. This is exacerbated when a metropolitan area, such as Tyne and Wear, has been subjected to an array of policy interventions in land and property markets over decades. The problem overlaps with attribution because within the conurbation there will be hardly any new office and industrial development that has not benefited from one form of assistance or another. The Government itself acknowledges that evaluation of the effectiveness of regeneration initiatives, particularly area-based ones, is difficult because of the problem (Office of the Deputy Prime Minister 2003).

Developing the counterfactual state involves establishing the alternative position. ERM Economics et al (2003) suggest that a baseline position should be calibrated, to establish what has been happening for a period of time before an initiative began; or a number of areas should be identified for analysis that differ according to factors that the research suggests might influence take-up. However neither of these suggestions are appropriate for the subject research given that it considers the effects of actions stretching back to the early 1980's and is confined to a single conurbation.

The process and response of one property market will be recognisable in other property markets but in each urban area there will be a unique pattern of layering and overlapping regeneration policies, which makes it difficult if not impossible to determine the effect of individual policies. The local network of agencies of

intervention and influence will be unique to each urban area and as a result, it may be difficult to translate locationally specific findings to other places.

In any property market there are going to be different levels of take-up, movement, displacement and vacancy over time. There is no such thing as a 'normal' level of any of these. In a market, where the only public sector intervention has been through the operation of the planning system, it might be argued that the levels of activity are neutral or un-biased. The important question is, what side-effects will intervention by the public sector have on a local property market that might not have otherwise happened? It is difficult to speculate what accommodation would have come to the Tyne and Wear market in the absence of public sector intervention, not least because large scale site assembly and pump priming by the public sector could not or would not have been speculatively pursued by the private sector. The advantage of studying a marginal location, in terms of the viability of office and industrial development, is that, without substantial increases in rental and capital values, little floorspace would be constructed by the private sector and the significance of the counterfactual problem is diminished.

3.9.2 Temporal Issues

The initial survey work was completed in 1998 since when the occupier database was updated as buildings have come on stream and new occupiers have moved in. There has inevitably been some turnover of the original occupiers since the survey was completed. However, for the majority of the developments, turnover has been low, because most firms (79%) moving to new premises intend to remain for at least three years (see Section 5.8). Indeed over half of the survey population confirmed that they intended to stay in their premises for more than 10 years and only one in five occupiers suggested that they were likely to stay less than 3 years.

The majority of the data gathered by the questionnaire and telephone surveys therefore has a shelf life of at least three years, which adequately covers the period between its initiation and the fixing of the chaining population in June 2000. Indeed, the replacement of one tenant by another one a few years later is not a problem because the decision by the original occupier to move to a particular development, based on the situation at that time, is still valid.

Occupier chains take time to complete, because moves cannot be made simultaneously; the vacant property must move down the chain until it is absorbed or is taken out of the market. Filtering does not occur instantaneously; the weaker the market the longer it takes for vacant properties to be taken up and vice versa. At the time of any survey, some chains will not have been concluded and the status of some chain end properties, captured by the survey, will inevitably alter in the short to medium term although it is not unreasonable to suggest that there will be some balancing between vacant chain end properties being reoccupied and occupied properties within or at the end of chains becoming vacant. To make the chaining results more robust, vacant chain-ends were revisited four years after the original survey to reveal whether they were still vacant or had been reoccupied or redeveloped (see Section 6.10). Where previously vacant properties had been reoccupied it did not involve pursuing the chains further as this would have repeated the original exercise.

3.10 Originality of the Research

Most research into the development of new office and industrial accommodation has focussed on the supply side of the equation, and there is a substantial body of literature on the subject from the developer, investor and landlord's (supply-side) perspective (see Healey 1991, Gore et al 1991, Adams 1994, Fisher et al 1999, Guy et al 2000b etc). Consideration of the occupier (demand) side of the equation, by comparison, has been far less extensive. The most comprehensive recent text on the economics of commercial property markets (Ball et al 1998), dedicates only one chapter to user demand and offers little recognition to the heterogeneous nature and individual characteristics of firms and organisations that make up occupier demand. The study of property occupiers and attempts to better understand their individual behaviour offers a potentially fertile and important area for research. The study of the end users of new office and industrial property is as important as the investigation of the role of developers, landlords and investors in supplying such accommodation.

An original feature of the research is the use and scale of the chaining survey employed, because although well established in the residential property market, it has been little used in industrial and commercial sectors, and only recently adopted for the study of the impact of property-led urban regeneration policies. There are no examples of the chaining technique having been employed to a metropolitan-wide area across which a combination of overlapping policies has been applied. The most

significant other example of the use of this technique was restricted to a specific policy tool (UDCs) applied to particular target areas (UDAs) (Department of the Environment Transport and the Regions 1998b).

The study of over 500 firms and the investigation of 376 chain ends resulting from 251 occupier chains, across a single conurbation, is probably the most comprehensive exercise of this type attempted in the U.K. to date (Greenhalgh et al. 2003). Application of the chaining technique to a conurbation-wide study of office and industrial occupier displacement is therefore an original piece of research and makes a valuable contribution to our understanding of how occupiers respond to the supply and subsidy of new accommodation.

The research, comprising as it does an extensive and methodical investigation of the response of office and industrial occupiers to the supply of new accommodation in a defined metropolitan area, provides a unique insight into their behaviour and the spatial impact of their decisions. By focussing on developments that have been promoted or assisted by the public sector, it also makes a valuable contribution to our understanding of the dynamic effects such intervention can generate.

3.11 Summary of Methodology

This chapter has set out the methodology and framework for the three phases of the research. The approach has been to carry out grounded, effective research through a series of distinct yet coherent stages. The sequence of the three phases is logical and robust. The third phase effectively completes the circle, by using the questionnaire survey findings to validate those emanating from the in-depth investigation of occupier's relocation decisions and the process adopted by them to make such decisions.

The mode of research was both cyclical and recursive, however the structure of reading and writing was linear. Reformulations took place as the analysis proceeded. Throughout the research process, informal discussions took place with a range of regeneration practitioners, academics, professional surveyors, property developers, investors and occupiers (see Appendix D). These conversations have acted as sounding boards to inform and steer the research and to identify opportunities and explore ideas. Although they have not been presented as a formal part of the

research process, they have, in their own way, made a valuable contribution to the work in progress.

'Conceptualise the research process as a consecutive engagement of theory and methodology, spiralling between the abstract and the concrete. The process is permanently reiterative.'

(Pratt 1994 p202)

The extensive and intensive surveys have engaged with over 500 different businesses in Tyne and Wear, ranging from multi-million pound inward investment projects (e.g. Wellstream), through international companies with head-quarters in the region (e.g. Arriva) and expanding regional firms (e.g. Dickinson Dees), to small niche manufacturers (e.g. Sycopel International) and new start-ups (e.g. J & P Hardware). Not only has data been collected on the size of the firms and the nature of their business, but their property requirements and preferences have been investigated and for those that have been interviewed, their choices and decision making process has been explored. This material is presented and analysed in more detail in Chapters 6 and 7.

The next chapter provides an overview of property-led urban policy interventions in Tyne and Wear over the last 25 years, identifies key sources of property market data covering the conurbation and presents summary profiles of the 20 office and industrial case study developments.

CHAPTER 4 – TYNE AND WEAR CASE STUDY

4.1 Introduction

This chapter firstly presents an overview of the prevailing economic, urban policy and property market conditions in Tyne and Wear that have contributed to the construction and occupation of 20 of the most significant office and industrial developments in the conurbation over the last quarter of a century. Secondly, it provides concise and accurate profiles of each of the 20 developments that make up the case study, incorporating both qualitative and empirical data to characterise the office and industrial floorspace developed in Tyne and Wear over this period. The profiles represent a unique record of precisely what accommodation has been constructed, when and by whom, and the public sector intervention that has contributed to its completion.

To achieve this end, a timeline, illustrating the coincidence of national urban policy, local interventions and the progress, of each of the 20 developments has been assembled and is presented in Appendix A with more detailed supporting information on each of the developments. In totality it represents one of the most comprehensive original pieces of work to describe, not just some of the most significant industrial and office developments in Tyne and Wear, but also to set them within the economic, urban policy and property market context within which they have come to exist.

The main sources of available property data are reviewed, and where such data exists in relation to the twenty developments, it is used to embellish their profiles. The case study does not attempt to analyse the available property market data in respect of all office and industrial property in the conurbation, which would have required a large investment of time and resources to compile, analyse and validate the fragmented, partial, and sometimes unreliable data. Such a commitment could not be justified in the context of the research project, as it would not make a significant contribution to its main purpose, aims and objectives.

4.2 The Tyne and Wear Conurbation

The Tyne and Wear conurbation covers approximately 538 sq km and comprises the cities of Newcastle upon Tyne and Sunderland, and the metropolitan boroughs of Gateshead, North Tyneside and South Tyneside, all of which are in the upper quartile

of the national deprivation ranking (see Table 4.1). There are a number of urban sub-centres such as North and South Shields, Whitley Bay, Jarrow, Hebburn, Wallsend, Blaydon and Gosforth. It is also the only former metropolitan county to have a new town within its boundary, namely Washington.

The 2001 census recorded a total population for Tyne and Wear of 1.076 million people living in 462,800 households (Office for National Statistics 2002), making it the largest conurbation in the North East of England. It is in a relatively isolated position, the next nearest conurbation is Teesside, 64 km to the south, and its main competitors for office and industrial occupiers are Edinburgh and Leeds, 172 and 150 km away respectively. It therefore has a large hinterland, extending into rural Northumberland and County Durham.

Figure 4.2 Map of Tyne and Wear Local Authorities



The population of Tyne and Wear is expected to decrease by 4.4% between 1996 and 2021, but the number of households is predicted to increase by 6.7% (Department of the Environment Transport and the Regions 2000a). The 2001

census recorded that net migration from the North East to the rest of the U.K. was running at a rate of just over 2,000 people p.a. (Office for National Statistics 2004).

The conurbation contains some of the most deprived urban areas in the country, with disposable incomes around 90% of the UK average (Office for National Statistics 2002). Table 4.2 shows deprivation rankings for the five local authorities in Tyne and Wear. The lower the number, the higher the ranking, with the most deprived areas being ranked 1 and the least ranked 355 (Office for National Statistics 2002).

Table 4.2 Deprivation Rankings by Local Authority in England

	<i>Employment</i>	<i>Income</i>	<i>Average Ward</i>	<i>Extent</i>	<i>Concentration</i>
<i>Gateshead</i>	36	49	41	32	37
<i>Newcastle</i>	10	18	26	24	6
<i>N. Tyneside</i>	50	53	69	55	40
<i>S. Tyneside</i>	51	55	15	10	54
<i>Sunderland</i>	8	15	18	26	25

(Office for National Statistics 2002)

Robinson, in the DoE's (1994) assessment of the impact of urban policy presented a case study of Tyne and Wear in which he observed that there had been an increasing concentration of unemployment in its main district (Newcastle) and in particular within its inner area. His conclusion is contradicted somewhat by 'The State of English Cities Report' (Department of the Environment Transport and the Regions 2000) that investigated the 'success' of the principal English conurbations and their core cities by looking at the relationship between a city's assets and its outcomes. It found that Merseyside, South Yorkshire, Tyne and Wear and the former County of Cleveland were 'least successful', but noted that different relationships existed between core cities and their conurbations. For example, whilst most core cities have a poorer asset base than do their conurbations, this was not true of Newcastle or Sheffield (Department of the Environment Transport and the Regions 2000).

4.2.1 Economic Development and the Branch Plant Syndrome

The North East's economy is the smallest of all the English regions, accounting for just 3.6% of UK GDP, ahead of only Northern Ireland, and in terms of GDP per head, it is ahead of only Wales and Northern Ireland, at 82.5% of the UK average (Buttrick 1999). Unemployment has remained well above the national average; the seasonally

adjusted percentage number of people claiming unemployment benefit in Tyne and Wear in December 2004 was 4.3% compared to a national rate of 2.6% (Office of National Statistics 2004).

'Like most conurbations in the North of England, Tyne and Wear suffered devastating manufacturing decline that reached a nadir in the early 1980s. The manufacturing sector, based upon coal (mining), shipbuilding and heavy engineering, experienced the loss of 70,000 jobs in the period 1971-1984, representing a decline of 43%.'

(Usher D., et al. 1993 p77)

'Between 1976 and 1981, the region lost 43,000 jobs in engineering and, in 1981 alone, there were 40,000 redundancies in manufacturing. The shake-out devastated the region's employment base. Between 1978 and 1983 the number of employees fell by 185,000 (15%), three quarters of which were in manufacturing.'

(Department of the Environment 1994a p274)

'The downward trend in manufacturing employment continued through the 1980s with a further loss of over a quarter of manufacturing jobs between 1981 and 1989. Over the same decade GDP in the conurbation fell from 92.8% to 91.5% (1981 to 1991).'

(Department of the Environment Transport and the Regions 2000c p20)

The DoE (1994) believed that public policy 'had played an important role in coping with the decline of traditional heavy industries and policy initiatives have had some noticeable successes, in particular the attraction of new industries, establishing new kinds of economic activity'. However, Tyne and Wear has not been as successful as other cities, such as Leeds, in attracting and retaining private service sector jobs. For example, the minor recovery of the Tyne and Wear economy, between 1991 and 1996, was reported by DETR (2000a) to be through an increase in employment in manufacturing and construction (8.6%) and public services (5.1%); employment in private services over the same period fell by 5.5%. By the end of the decade, manufacturing output in the North East still contributed 30% of total economic output, compared to a national average of 22%; higher than any other English region (Buttrick 1999).

One NorthEast's updated Regional Economic Strategy, 'Realising Our Potential' (2002), acknowledged the need to improve productivity which, when measured by GDP per person, falls below the UK's average by almost one quarter. Research and development expenditure in the region, at 0.6% of GDP, is only half the UK average. This weak investment in research and development can be explained in part by the heavy presence of branch plants in the region. Two important consequences follow

from this, firstly, that although many firms assemble and manufacture products in the North East, they maintain their research and development and design facilities outside the region. Secondly, when North East branch plants do engage in research and development, it is often credited to head-quarters outside the region (One NorthEast 2002).

The North East has been particularly successful at attracting foreign direct investment in the industrial sector, capturing a disproportionate 9.8% of all inward investment in the UK between 1983 and 1992, compared to 5.6% for Yorkshire and Humberside. Between 1985 and 1991, foreign companies invested £2.5bn in the region (Property Week 1995). Llewelyn Davies et al (1998) reported that ancillary office accommodation tends to be on-site with companies establishing one locational base supporting manufacturing, service and distribution activities. There is no evidence to suggest that industrial inward investment had led to any 'spin offs' in the business space sector, although it should have stimulated growth in indigenous service industries that support these plants.

Inward investment, by the likes of Nissan and Komatsu etc, has undoubtedly helped in the regeneration of the local economy and provided large numbers of new jobs. However the view that the branch plant syndrome is damaging and dangerous to the sustainability of economic regeneration in the region, received greater credence by the shock closure of the £1 billion Siemens plant in North Tyneside in January 1999, less than two years after it had opened, resulting in over a thousand redundancies. Increasingly, decisions affecting the future of branch plants in the region are being taken overseas with, it seems, little regard to the damaging impact of closures on a fragile regional economy.

Branch plants have traditionally been at the centre of economic development policy in Tyne and Wear, but in the 70's and 80's many branches closed (Department of the Environment 1994). It is claimed by Robinson that 'the untargeted system of grants has distorted the relocation process so that branch plants were set up as short-term operations which moved away once the cash-flow benefits of those grants had worked their way out of the system' (Department of the Environment 1994). Certainly the incentives offered to Siemens to locate in this country were significant and may have influenced their decision to invest, which with hindsight looks an expensive mistake, not least for the British taxpayer. Call centres may be the new branch plants, but they suffer from the same syndrome, as evidenced by the recent closure

and of LloydsTSB's Newcastle call centre, operational for less than two years, and the work transferred to Delhi.

The inward investment market has now been in decline for nearly a decade. In 1995/6 the North East's share of inward investment projects in the UK was 12%, by 1997/98 it had fallen to only 7% and the region's share of jobs stemming from foreign direct investment had likewise fallen from 15% to 6% over the same period (One NorthEast 2002). ONE NorthEast wants to promote the creation of more indigenous 'home grown' businesses, but is finding this difficult in a region with a heritage of monolithic heavy industry.

The formation rate of new businesses per 10,000 head of adult population, in 2000, was 21, compared to a national average of 38, and company start-ups made up 10.2% of the region's business stock, compared to a UK average of 11.1% despite the fact that more than three quarters of all firms in the region have less than ten employees (One NorthEast 2002).

Table 4.2.1 Firms in Tyne and Wear by Number of Employees

<i>Size of firms by employment</i>	<i>Percentage</i>
<i>1 to 9</i>	<i>76.6</i>
<i>10 to 20</i>	<i>11.6</i>
<i>20 to 49</i>	<i>7.3</i>
<i>50 to 199</i>	<i>3.6</i>
<i>200 plus</i>	<i>0.9</i>

(Office for National Statistics 2002)

4.3 Urban Policy Interventions in Tyne and Wear

This section provides an overview of the intervention by the public sector that has taken place in the conurbation over the last quarter of a century. After providing a general overview, that draws on a number of Government and independent assessments of urban policies in Tyne and Wear, each of the major property-led regeneration policies that have been implemented since 1980 are summarised.

'Tyne and Wear is no stranger to urban and regional policy initiatives, they have played a key part in its governance since the 1930s. The coincidence of economic decline and high levels of poverty has meant that Tyne and Wear has long participated in government programmes designed to deal with the social and economic effects of restructuring.'
(O'Toole M. 1996 p163)

Tyne and Wear has been the testing ground for Government policy, a seedbed for a highly diverse range of public policies aimed at ameliorating the impacts of industrial decline and the particular problems posed by urban deprivation and as such, has been in receipt of a vast range of diverse policy instruments (Department of the Environment 1994).

Indeed, the Tyne and Wear Act 1976, sponsored by the now defunct Tyne and Wear County Council, extended the powers of local authorities to assist local industry by providing financial assistance in the form of loans and grants and the declaration of Industrial Improvement Areas. The powers made available to local authorities in Tyne and Wear in 1976 were similar to those incorporated in the Inner Urban Areas Act 1978, and made available to partnership, priority and programme areas across the country (Barrett et al. 1985).

All of Tyne and Wear's five local authority districts were designated Urban Programme Areas (UPA) in 1988. Prior to this, Gateshead and Newcastle had enjoyed 'partnership' status and had jointly submitted Inner Area Programmes, and North Tyneside, South Tyneside and Sunderland had been given 'priority' programme authority status, whilst Washington had its own development corporation. While the distinction between partnership and programme authorities formally ended with the designation of the 57 UPAs in 1988, in practice the distinction between authorities remained, with Gateshead and Newcastle jointly receiving well over half of total Urban Programme funding for the conurbation over a 12 year period (Deas 1995). This imbalance can be illustrated by looking at the ranking of local authority districts in terms of how much Action for Cities money they received. Gateshead came 5th in England (the highest in inputs per capita in the region), Newcastle was 9th, North Tyneside 40th, South Tyneside 16th and Sunderland 23rd.

Some attempts were made to utilise Urban Programme money to regenerate the area's industrial base, most of them focusing specifically on the riverside area. These demonstrated the extent to which local policy makers have successfully welded together Urban Programme money with money from other programmes.

'Industrial Improvement Areas at Walker and Riverside East received Urban Programme support after 1983-84, while money also went on riverside reclamation works funded through the Urban Programme and a Derelict Land Grant. However, much of the environmental work along the riverside has been very different in character from the developments on the central

Tyneside area, where the concern over recent years has primarily been to attract office employment, support entertainment and leisure facilities and boost Newcastle's image.

By contrast, riverside developments in East Newcastle have been of an altogether more prosaic nature, stressing the need to rebuild the area's industrial base. These have included attempts to support emerging types of river-based manufacturing activity, through, for example, sizeable Urban Programme and Derelict Land Grant funding, and smaller amounts of English Estates funding, for Newcastle Offshore Technology Park.'
(Deas I. 1995 p283)

The development, described by Deas, of offices on Newcastle's East Quayside and offshore manufacturing at Walker Riverside, contribute two of the twenty property developments captured by the study.

Robinson's case study of Tyne and Wear, for the DoE's (1994) assessment of the impact of urban policy, provides a valuable insight into the performance and perception of urban policies in the conurbation. He concluded that there was a widespread ignorance of the details of Government policy, and Local Government was conspicuous by being largely disregarded by firms, the only programmes that were widely recognised tended to be the high-profile UDC ones.

This was confirmed by a survey of occupiers in the North East by the Estates Gazette (1997) that asked the question: 'have you ever had any contact with the following organisations?' The response to which is shown in the table below.

Table 4.3a Occupier Recognition of Regeneration Organisation in North East

Organisation	Office	Industrial
<i>Tyne and Wear Development Corporation</i>	47%	43%
<i>Northern Development Company</i>	36%	32%
<i>English Partnerships</i>	32%	24%

(Estates Gazette 1997)

Robinson (1994) found that Government urban and regional programmes were regarded as having a minute effect in comparison to wider economic policy, and policy initiatives had only a marginal, but nonetheless important, impact in the face of wider market forces. He observed that reductions in Regional Support Grant and Housing Improvement Programme budgets more than outweighed the smaller expenditure gains accruing from the introduction of new programmes (such as UDCs), resulting in total urban expenditure in Tyne and Wear declining by about one fifth during the 1980s (Department of the Environment 1994).

In respect of property-led regeneration, Robinson believed that there was a need to acknowledge the limitations of this approach in times of recession in the property market. TWDC was regarded as a useful policy vehicle and EZs were seen as having been effective at stimulating development. He observed that industrial rents had increased, partly as a result of English Estates' policy of trying to make areas economically viable for investment, and he acknowledged that public sector intervention can remove some of the uncertainties from the development process (Department of the Environment 1994).

Robinson concluded that there was a need for rationalisation of enterprise agencies, and that although the establishment of indigenous enterprise was crucial in creating a sustainable economy, there was an over-reliance by them on inward investment.

'New small businesses were often simply displaced other local businesses, many of which failed after a short period. Few grew to be substantial employers, as a result of which there was a growing emphasis on concentrating support on established small businesses that were growing. However, firms that had received some form of financial assistance were more likely to have increased their financial commitment to their respective area.'

(Department of the Environment 1994a p280)

Virtually all the urban policy innovations of the last twenty years have been introduced in Tyne and Wear. There have been three separate designations of EZs in Tyneside, an Urban Development Corporation, a City Action Team, a Garden Festival, a Task Force and three City Challenges. English Estates, which later became English Partnerships, had been active in Tyne and Wear since the 1960's from their head quarters on the Team Valley Trading Estate. The conurbation also had Assisted Development Area and Objective 2 ERDF status.

As a result, there has been little significant new development in the office and industrial sectors over the past two decades that has not benefited from some form of public sector assistance. Cameron et al (1985), in their study of the supply of new industrial premises in Tyne and Wear, noted that in the Northern region the public sector played an exceptionally important part in the provision of new floorspace, with over half and perhaps as much as 70% of all new floorspace was provided by public agencies (Cameron et al, 1985).

Table 4.3b Chronology of Urban Policy Initiatives in Tyne & Wear 1980 to 2006

Year	Tyneside EZ	City Action Team	TWDC	Garden Festival	Sunderland EZ	Task Force	West-end Challenge	N Tyneside Challenge	Pennywell Challenge	Tyne R'side EZ
1981	▼									
1982	▼									
1983	▼									
1984	▼									
1985	▼									
1986	▼	▼								
1987	▼	▼	▼							
1988	▼	▼	▼							
1989	▼	▼	▼							
1990	▼	▼	▼	■	▼					
1991	▼		▼		▼	▼				
1992			▼		▼	▼	▼			
1993			▼		▼	▼	▼	▼	▼	
1994			▼		▼	▼	▼	▼	▼	
1995			▼		▼	▼	▼	▼	▼	
1996			▼		▼	▼	▼	▼	▼	▼
1997			▼		▼			▼	▼	▼
1998			▼		▼			▼		▼
1999					▼					▼
2000					▼					▼
2001										▼
2002										▼
2003										▼
2004										▼
2005										▼
2006										▼

Key: ▼ Continued period ■ One-off event

Usher et al (1993) observed that:

'of proposals for 54 sites in Newcastle, twelve of the schemes proposed for Newcastle were backed by TWDC, a further five being enabled by City Grant, the remaining 35 schemes were being promoted by the private sector without public sector assistance, indicating the level of confidence in the market at the time. However, when the recession became felt, most of these schemes fell by the wayside and the only ones that did progress were the ones that were being promoted by the public sector. Of the 54 office developments proposed for central Newcastle, 38 (70%) were in the size range 186-3716 sq m and were mainly from local development companies, only seven projects (13%) were of 9290 sq m or more.'

(Usher D. et al. 1993 p82)

Fraser Associates et al. (2000), in their market survey for the Government Office for the North East estimated that the public sector had delivered at least 100,000 sq m of office and industrial floorspace between 1996 and 1999, out of a total of 215,000 sq m, the balance coming from unsupported development and turnover of existing stock. The public sector has long dominated an industrial property market in which the private sector is reluctant to invest.

'In general terms there has been some measure of public sector influence on the majority of developments that have taken place in the past ten years and initiatives, such as EZs and the Development Corporation, have acted as a 'pull' on demand not only from other regions but also within the region. The impact of these (and other) incentives cannot be ignored as they have the potential to distort significantly the operation of the local property market.'

(Sanderson Townend and Gilbert 1998 p4)

'Outside of Team Valley, almost all property development receives public sector support of between 30% and 50%.'

(Fraser Associates et al. 2000 p2)

4.3.1 Enterprise Zones

Tyne and Wear is the only conurbation in England to have had three EZs. Collectively they have had a powerful influence on the pattern of new development in the conurbation over the last 25 years and need to be afforded detailed consideration. The Tyneside Enterprise Zone (Newcastle and Gateshead) was designated on 25 August 1981; nine years later the Sunderland Enterprise Zone was designated, this was followed in 1996 by new Enterprise Zones in North and South Tyneside. The effect of these zones has been to concentrate, mainly office and industrial, development within their boundaries, although the Tyneside Zone also contributed to the development of the Metro Centre.

'Within Tyne and Wear, virtually all new speculative development in the 1980's took place in the Tyneside EZ. The experience of the region through the last decade illustrates that central and local government intervention is the main factor in determining how and where industrial development schemes are built.'

(Sanderson Townend and Gilbert 1992c Section 5.2)

'Industrial and office development is rarely viable outside the EZs. Rents and yields are too low, risk and uncertainty levels are too high. Even in favoured locations, speculative development without public sector assistance is exceptional.'

(English Partnerships 1998 p5)

Despite criticism about the destabilising and displacing effects of EZs (see Chapter 2) occupiers and developers, who can make cost savings or super normal profits, are unsurprisingly in favour of them. When the Estates Gazette (1997) asked 100 industrial and distribution occupiers whether they thought that there were too many assisted areas and Enterprise Zones in the North East, only 15% replied yes, the remaining 85% thought not. Sanderson Townend and Gilbert estimated that the rate exemption on a typical new industrial unit in Tyne and Wear would equate to a saving of around £8.61 per sq m per annum (80p per sq ft). Taking a 2000 sq m building, the potential saving to the occupier over the full ten year life of the zone would have been over £172,000 (Sanderson Townend and Gilbert 1992c).

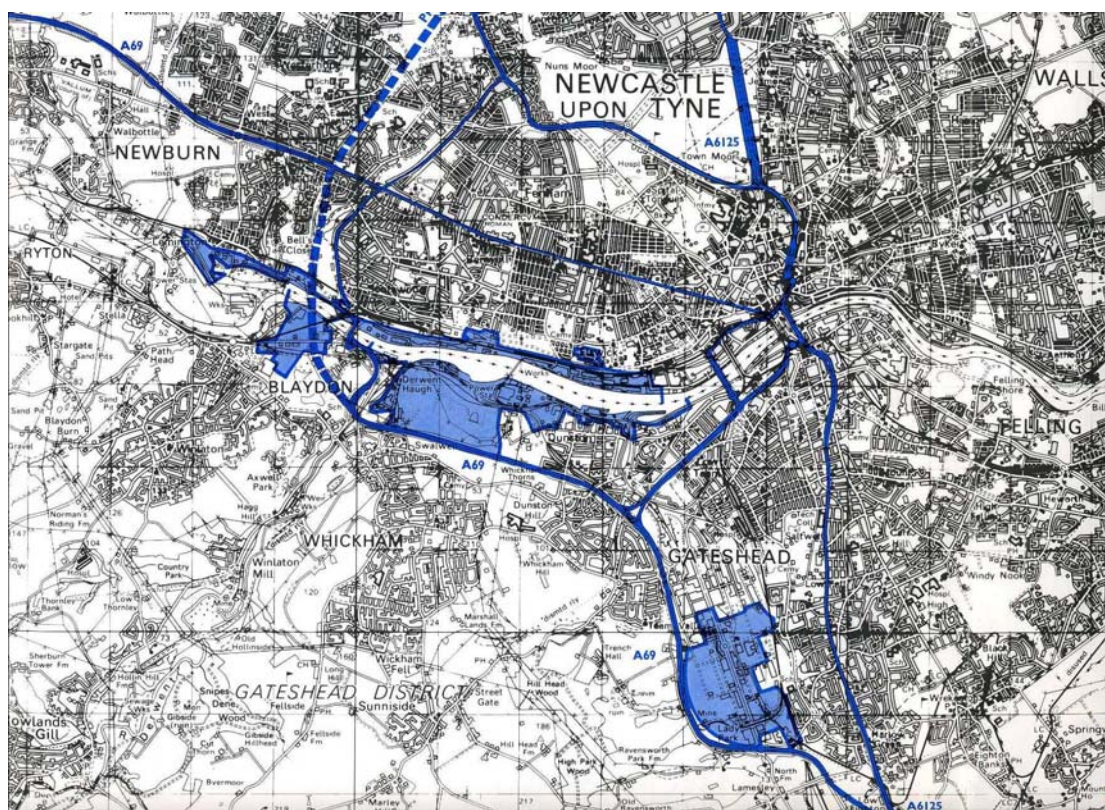
4.3.1.1 Tyneside EZ

The Tyneside EZ was one of the largest EZs in the Great Britain, covering over 450 hectares on the north and south banks of the River Tyne and the southern end of Team Valley Trading Estate (see Figure 4.3.1.1). Gateshead MBC made the effort to monitor their part of the EZ, comprising Team Valley south, Cross Lane/Dunston and Blaydon and recorded the data on the sub-zones shown in Table 4.3.1.1.

In Gateshead over a ten year period 78.3 ha of land was developed for industry, the height of take-up being in 1987, after slow initial take-up due to the concept being new to developers and investors. The number of establishments in the EZ between 1981-89, increased by fivefold and equated to about 145 new companies per year (Sanderson Townend and Gilbert 1992c). However, GMBC reported that some industrial units developed at Britannia Enterprise Park in Dunston and the Avenues and Marquis Court on TVTE, were never let or occupied during the life of the zone (Gateshead MBC 1992).

The Tyneside EZ was especially effective in attracting, or arguably, in diverting economic activity, such that there may have been little net increase in employment. The Metro Centre inevitably displaced retail employment from other parts of Tyne and Wear and the region, while many of the newcomers to the Team Valley area and the Newcastle Business Park merely relocated from other parts of the conurbation. Over two thirds of the jobs at Newcastle Business Park had simply been moved from other locations in Tyne and Wear. The main impact may have been to divert development which might have naturally gone to the periphery (Department of the Environment 1994a).

Figure 4.3.1.1 Tyneside Enterprise Zone



(Newcastle Enterprise Zone Office 1982)

Table 4.3.1.1 Gateshead and Team Valley EZ Sub-Zone Monitoring Results

Gateshead Sub-Zones	Area (hectares)
<i>Land available for development (1981)</i>	<i>182 ha</i>
<i>Land developed for industry (1981-1991)</i>	<i>78ha</i>
<i>Land developed for other purposes (1981-1991)</i>	<i>79ha</i>
<i>Land available 1991</i>	<i>60ha</i>
<i>Additional land made available (1981-1991)</i>	<i>35ha</i>
<i>Total land made available</i>	<i>217ha</i>
<i>Total land made available for industrial use</i>	<i>138ha</i>
<i>Industrial land take-up</i>	<i>57%</i>
<i>Team Valley</i>	
<i>Land available for development (1981)</i>	<i>73 ha</i>
<i>Land developed for industry (1981-1991)</i>	<i>78ha</i>
<i>Land developed for other purposes (1981-1991)</i>	<i>12ha</i>
<i>Land available 1991</i>	<i>6ha</i>
<i>Additional land made available (1981-1991)</i>	<i>23ha</i>
<i>Total land made available</i>	<i>96ha</i>
<i>Total land made available for industrial use</i>	<i>84ha</i>
<i>Industrial land take-up</i>	<i>93%</i>

(GMBC 1992)

The relaxed planning regime encouraged the use of much former industrial land for office and retail purposes (e.g. Newcastle Business Park, the Metro Centre and 5th Avenue Business Park and Retail World on Team Valley), and the price of good quality land increased to a level that made industrial development non-viable (Fisher 1994).

4.3.1.2 Sunderland EZ

The Sunderland EZ was designated in 27 April 1990 in response to the closure of North East Shipbuilders Ltd.

'It now seems that EZs, rather than being a 'flagship of deregulation' only operate as a lifeboat to rescue areas that would otherwise slip into the depths of urban deprivation and unemployment.'

(Greenhalgh 1989 p73)

It comprised three distinct zones (see Figure 4.3.1.2a and b):

1. *Doxford Park - 19.4 hectares for major B1 and some B2 uses*
2. *Part of Castletown Industrial Estate - 6.6 hectares for B1 and B2 uses.*
3. *Sunderland Enterprise Park - comprising Hylton Riverside (18 ha) and the former Southwick shipyard (18ha), both within TWDC's UDA.*

It was envisaged that the Hylton area would be developed as a high quality business park with a predominance of B1 uses. The Southwick area was seen as appropriate to a wider range of industrial (B2) use.

(City of Sunderland 1999 p1)

All the EZ land was in public sector ownership, with the Council owning Doxford Park and TWDC owning the remainder. The case study includes all three developments, although Castletown is referred to as Sunrise Enterprise Park and Hylton Riverside and the former Southwick shipyard was treated as one development, SEP.

Sunderland City Council (1999), the zone authority, set out their objectives for the sites as follows:

- *To create new and secure long-term employment through the development of land for industrial and commercial use*
- *To obtain employment diversification and a high percentage of skilled jobs, by the attraction of advance manufacturing, high technology and office users*
- *To work with the public and private sectors to ensure that the financial incentives available are used to attract inward investment to Sunderland*

- To create attractive business parks for modern industries by achieving high standards of layout, design and external appearance of buildings, in landscaped settings
- To raise the national profile of Sunderland by a scheme of lasting success and quality.

(Sunderland City Council 1999 p1)

Figure 4.3.1.2a Sunderland EZ Zone 1 Hylton Riverside (SEP) and Southwick

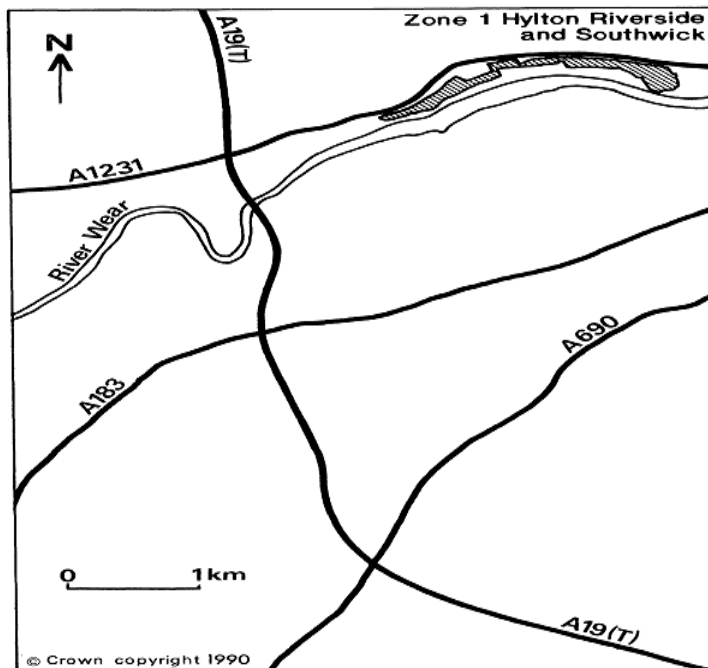
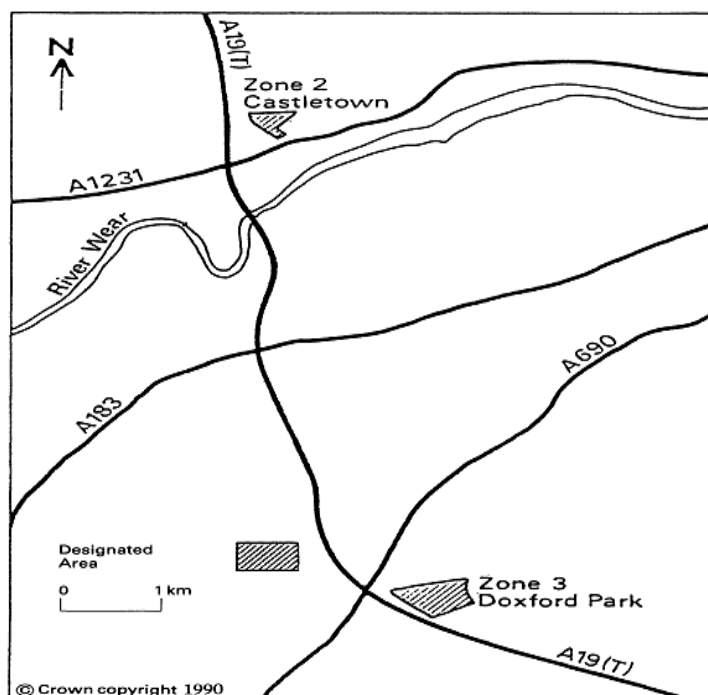


Figure 4.3.1.2b Sunderland EZ Zones 2 and 3 Castletown (Sunrise) and Doxford Park



There was also a strong presumption against end users that have a low employment density (City of Sunderland 1999).

A report commissioned by English Estates, and undertaken by Sanderson Townend and Gilbert (1992c), into the implications of the Sunderland EZ on industrial land in Washington, speculated on the potential impact of the EZ on the 'New' Town. They compared the supply of property likely to be generated by the zones with market demand and drew a number of conclusions. At the time, ST&G (1992c) believed that the amount of business space at Doxford Park was excessive, however due to the success of the scheme this has not proved to be the case.

Sanderson, Townend and Gilbert (1992c) noted that whereas within the EZ sites for major users were limited, Washington had a good supply of large sites for inward investors. However, as has already been noted, the number of inward investors has declined over the last ten years. The report concluded that Washington could not compete with the EZ, but could provide land for manufacturing companies requiring large sites, small manufacturing companies requiring new freehold units and distribution companies (Sanderson Townend and Gilbert 1992c). The subject research bears out this prediction.

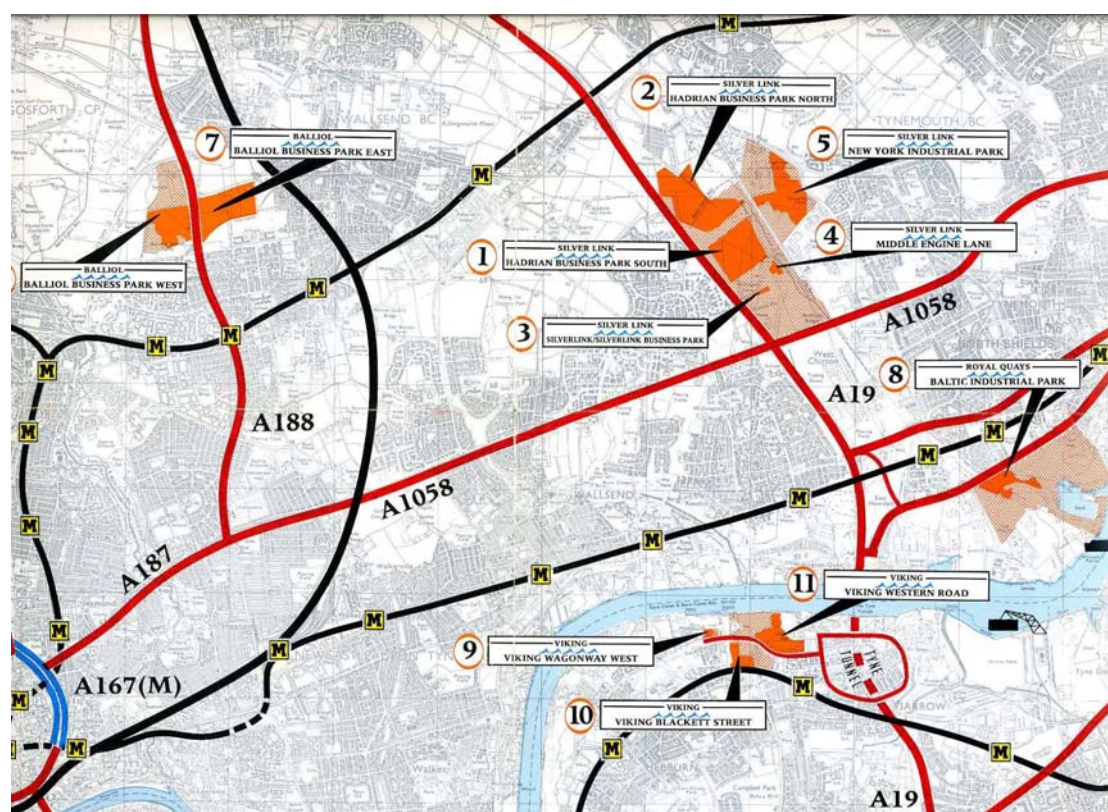
4.3.1.3 Tyne Riverside EZ

When it looked as if the Swan Hunter shipyard in Wallsend might close in 1995, the Government responded by designating EZs in North and South Tyneside to run from 1996 to 2006. These comprised eleven individual sites at five separate locations:

- | | |
|-----------------------------|---|
| 1. Balliol East and West | owned by English Partnerships |
| 2. New York | owned by EP and NTMBC |
| 3. Silverlink Business Park | owned by NTMBC |
| 4. Cobalt Business Park | owned by Sunderland City on behalf of former Tyne |
| including Siemens | and Wear County Council |
| 5. Viking | owned by TWDC and STMBC |

The first zone was rushed through the usual European approvals in order to accommodate the £1billion inward investment of Siemens in a microchip fabrication plant. The Viking zone was something of a political sop to South Tyneside Borough, because all the other sites were in North Tyneside.

Figure 4.3.1.3 Tyne Riverside Enterprise Zone



(TWDC 1997)

The adjustment of zone characteristics between the first and third phases of zones designation can be illustrated by comparing the Tyneside (1981-1991) to the Tyne Riverside (1996-2006) zone. The former comprised three large swathes of land, two of which were brownfield, one of these also being inner-urban. Some of the zone land was in public ownership, but some sites were also in private ownership, most notably a large fly-ash tip, owned by Cameron Hall Developments, which became the site of the Metro (shopping) Centre. In contrast, the Tyne Riverside Zone comprised 10 individual sites, all but one of which was greenfield, and even the brownfield EZ had already been reclaimed by TWDC. All the sites were in public ownership and only one was located in an inner-urban area with poor communications. Unsurprisingly, it is this site (Viking, South Tyneside) that has struggled to attract occupiers to the accommodation built in the zone.

4.3.2 Tyne and Wear Development Corporation

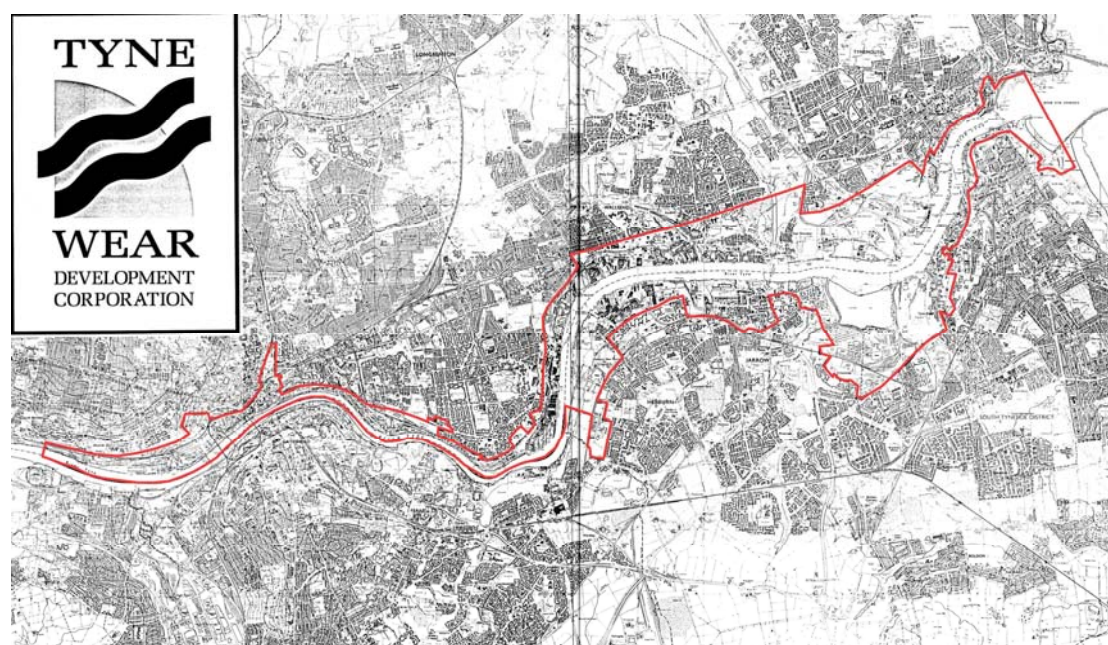
The Tyne and Wear Development Corporation was created in February 1987, came in to operation on 15 May 1987 and was wound up on 31 March 1998. It was responsible for some of the most important property developments to be seen in the

Tyne and Wear conurbation for twenty years, for example Royal Quays in North Shields, Newcastle's East Quayside, Sunderland Enterprise Park and Viking in South Tyneside, all of which are represented in the twenty case study developments. Gateshead Borough was not included in the Urban Development Area.

The Development Corporation's approach to urban regeneration was to create four 'flagship' schemes, East Quayside, Royal Quays, Sunderland Enterprise Park and St. Peter's Riverside, to act as catalysts for further new development. The only flagship project not included in the case study is St. Peter's Riverside, which is a residential, education and leisure scheme, although the adjoining North Sands Business Centre is one of the twenty developments. By 1991/92 53% of TWDC's expenditure was on these flagship projects (Robinson et al 1993).

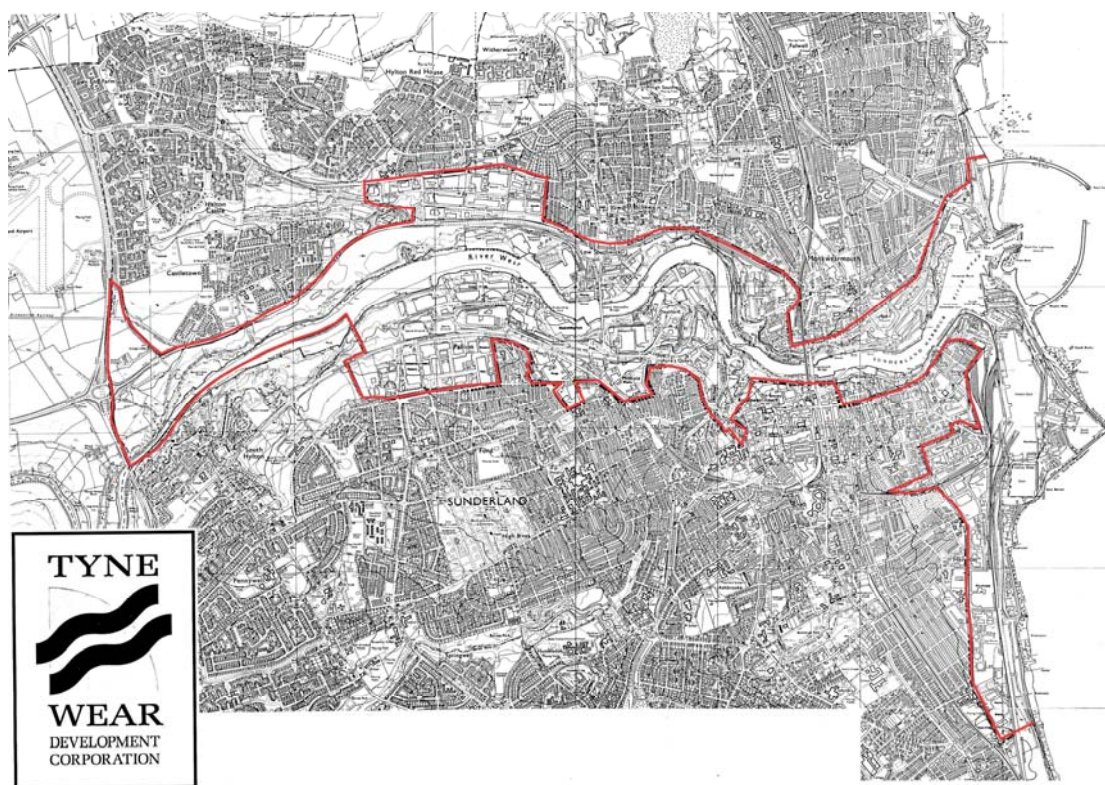
The concept of 'flagship' projects was originally proposed by consultants Price Waterhouse, who were commissioned by the DoE to advise on what a UDC might achieve, how it might be done and how much it might cost. They also identified development opportunities and suggested appropriate boundaries. Flagship projects were described as 'large integrated high quality developments' and they recommended that TWDC concentrated on a limited number of big projects on key sites (Price Waterhouse et al 1987).

Figure 4.3.2a TWDC Urban Development Area River Tyne Section



(TWDC)

Figure 4.3.2b TWDC Urban Development Area River Wear Section



(TWDC)

TWDC's boundary was tightly drawn, taking in around 2430 hectares, comprising narrow strips (43 kilometres) of run-down waterfront along the Rivers Tyne and Wear characterised by decaying industrial and commercial areas resulting from the decline of traditional industries. As a result, the resident population of the UDA was low (3700). TWDC's strategy, based as it was on flagship developments, aimed at replacing the previous industrial base with mixed-use developments that in turn would provide a 'ripple' effect in surrounding areas (National Audit Office 1993a).

The sites required reclamation and the provision of new or upgraded infrastructure and because of this, there was a time-lag in bringing new space on to the market. The recession of the early to mid-nineties slowed progress of some projects, particularly due to the withdrawal of the private sector from schemes on the East Quayside (Rosehaugh), Royal Quays (Avatar) and Sunderland Enterprise Park (London and Edinburgh Trust) (Llewelyn Davies et al. 1998)

'One of TWDC's first projects was NBP which had EZ designation that was due to expire in 1991, without this the development would have needed heavy funding by the UDC, this meant that large-scale development was an urgent priority and only a business park could provide the demand. The

success of NBP gave TWDC a track record and it was thus accorded more respect and cooperation.'

(Fisher et al. 1999 p223)

After this early success, TWDC took forward the four key 'flagship' projects and by 1991/92 more than half TWDC's total resources were going to these (Tyne and Wear Development Corporation 1993). The NAO (1993a) reported that by 1992, TWDC had provided grant assistance of £17 million to generate total expenditure of £161 million, representing grant contribution of 11%, however, TWDC's overall ratio of private to public investment was 2:1, one of the lowest of all UDCs.

By 1992 TWDC had acquired 330 hectares of land and spent over £43 million on land transactions. They had reclaimed 277 hectares of land and created 153,000 square metres of commercial floorspace. Overall investment in the UDA was £453m, of which £293m was private sector (House of Commons 1992; Department of the Environment 1993b). An Estates Gazette (1997) survey of 100 Industrial Firms confirmed that TWDC was the best known regeneration agency operating in the region, having had contact with 44% of the companies surveyed. When asked what their impression was of TWDC, over two thirds of the 100 firms were impressed or very impressed with them (Estates Gazette 1997)

TWDC was monitored by the DoE and had to deliver outputs under a number of voteheads, as illustrated in the table below.

Table 4.3.2a TWDC Targets and Outputs by Votehead

	1989-90		1990-91		1991-92		1996/97	Total
	Target	Output	Target	Output	Target	Output	Output	Output
Land reclaimed (ha)	48	63	28	50	18	149	16	421
Houses Completed	204	252	200	105	101	116	312	2,798
Non-housing floorspace (sq m)	22,000	21,000	15,000	74,000	23,000	63,000	81,000	532,553
Infrastructure (km)	nil	nil	1	1	nil	nil	0	33.2
Jobs	330	387	670	857	3770	4452	3,370	21,038
Private Investment (£m)	36	32	220	173	49	66	171	862.6
Grant in aid (£m)	35.8		37.8		40.5		57.3	332.2

(House of Commons 1992; Department of the Environment 1993b)

Tyne and Wear Research and Information monitored the performance of land and property markets in Tyne and Wear Urban Development Area, and produced a final report just before TWDC wound up. They reported that:

'Developed land had risen in the UDA from 68.6% to 76.4% due to rises in commercial, residential and transport uses, that outpaced the decline in industrial land use, although this still accounted for just under 40% of the UDA. Since 1988 derelict land in the UDA had more than halved, falling from 11% to 5% (224ha to 111ha), the majority of which was situated in North Tyneside (75ha). In March 1997 TWDC owned 13.3% of the UDA (281ha) 42% of which was in Sunderland. During its lifetime just over a fifth of UDA land has been owned by TWDC.'

(Tyne and Wear Research and Information 1998a p1)

'TWDC were instrumental in the development of around 280,000 square metres of industrial and commercial floorspace and the reclamation of some 760 acres (308 ha) of land. This obviously has had a major impact on the property market in Tyne and Wear.'

(Llewelyn Davies et al. 1998 p13)

Table 4.3.2b TWDC Land Ownership

Year	Land acquired previous year ha	Land disposed of previous year ha	Balance held ha
1988	11.36	N/a	11.36
1989	156.67	7.24	154.82
1990	62.89	9.74	207.97
1991	78.91	22.45	259.55
1992	29.78	9.06	280.27
1993	17.76	4.40	293.63
1994	18.26	12.94	304.43
1995	31.65	12.12	324.06
1996	21.01	30.51	314.91
1997	5.34	39.21	281.04
Total	433.63	147.67	

(Tyne and Wear Research and Information 1998a)

Over its nine years of operation, the majority of floorspace completed was for office and industrial uses (378,000 sq m), although construction of B1 space in the last two years of the UDC evened up the level of completions between the three types.

Table 4.3.2c Office, Industrial and B1 Floorspace (sq m) built in UDA 1988-1997

	Square metres 1988-97
Offices (A2)	116,440
Industrial	132,579
B1 Use	128,170
Total	377189

(Tyne and Wear Research and Information 1998a)

Vacant industrial property in the UDA in June 1997 amounted to 119,000 sq m (a fifth of vacant floorspace in Tyne and Wear, the figure having risen by 19,000 sq m in 1996/97, but still 27,000 sq m less than the start of the UDA in 1988. In contrast the amount of vacant industrial property outside the UDA had risen 86% (135,000 sq m) over the same period (Tyne and Wear Research and Information 1998a).

This would seem to confirm that new developments in the UDA had attracted relocations from the surrounding areas such that although there was more floorspace in the UDA, the vacancy rate was lower, whereas it had risen elsewhere in the conurbation. The largest units (2000 sq m +) accounted for just under half of all vacant industrial space, although nominally, 58% were classified as small (<200 sq m). The public sector owned half the vacant property in the UDA, most of which was in North Tyneside and Sunderland (Tyne & Wear Research and Information 1998a).

Table 4.3.2d Vacant Industrial Property 1988-1997

Year	In UDA '000 sq m	Outside UDA '000 sq m	Total '000 sq m
1988	146,000	157,700	303,700
1989	65,700	169,500	235,200
1990	61,800	134,100	195,900
1991	73,100	205,200	278,300
1992	83,700	253,500	337,200
1993	95,800	270,300	366,100
1994	119,000	293,000	412,000
1995	113,600	284,200	397,700
1996	99,900	304,600	404,500
1997	118,900	292,700	411,600
Total 1988-97	-27,100	135,000	107,900
% change 1988-97	-18.6	85.6	35.5

(Tyne and Wear Research and Information 1998a)

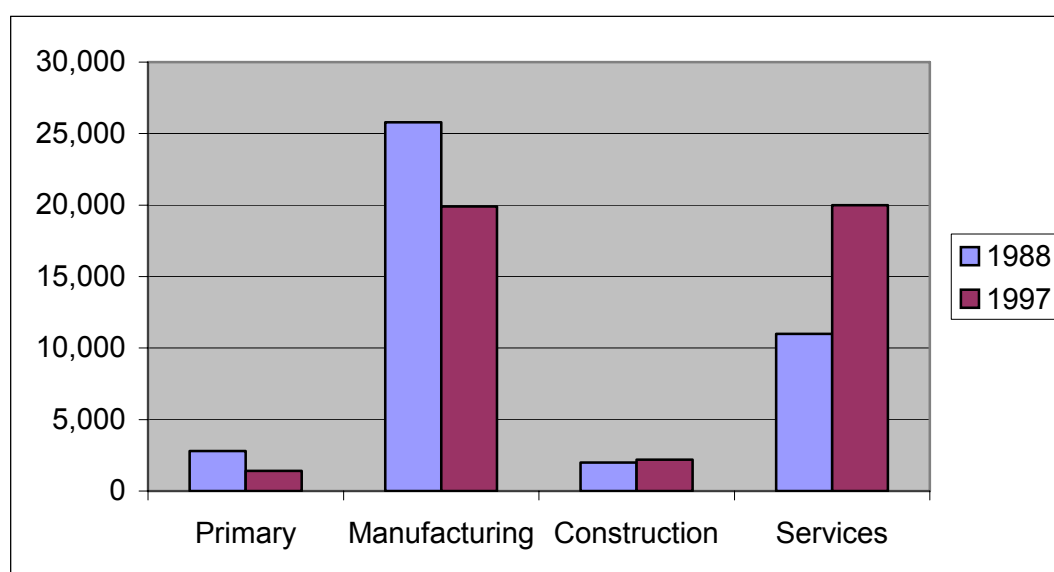
Table 4.3.2e Employment in Tyne and Wear UDA 1988 and 1997

Employees	Number (%)	Number (%)
	1988	1997
Primary	2,800 (6.6)	1,400 (3.1)
Manufacturing	25,800 (62.2)	19,900 (45.7)
Construction	2000 (4.7)	2,200 (5.1)
Services	11,000 (26.5)	20,000 (46.1)
Total	41,500 (100)	43,500 (100)

(Tyne and Wear Research and Information 1998a)

There were 43,500 employees in the UDA in 1997, 10% higher than in 1996 and 5% above the level recorded in 1988. The report records that TWDC claimed to have helped create or safeguard over 28,000 jobs since inception and predicted that by 2000 they will have created or retained 39,000 jobs, but notes that these estimates for job creation typically included jobs relocated from elsewhere (Tyne and Wear Research and Information 1998a).

Figure 4.3.2c Employment in Tyne and Wear UDA 1988 and 1997



(Tyne and Wear Research and Information 1998a)

Table 4.3.2f Claimant Unemployment: Inner Area and Tyne & Wear 1988-97

	<i>Inner Area</i>		<i>Tyne and Wear</i>	
	<i>Total</i>	<i>Rate</i>	<i>Total</i>	<i>Rate</i>
1988	41,800	18.7	82,500	15.3
1989	34,500	15.3	67,000	12.3
1990	28,800	12.9	54,600	10.0
1991	32,400	14.5	61,900	11.3
1992	34,100	15.5	65,900	12.3
1993	36,400	16.6	71,400	13.3
1994	35,000	15.9	68,600	12.8
1995	32,700	15.7	63,900	12.3
1996	30,500	15.1	60,100	11.8
1997	23,600	11.8	45,800	9.1

(Tyne and Wear Research and Information 1998a)

More revealingly, the survey studied unemployment in the 50 wards that were within or beside the UDA. In 1997 the claimant unemployment rate for the inner area was 11.8% compared to a rate of 9.1% for Tyne and Wear, which was the lowest

differential between the two since 1988. However unemployment in the inner-areas stubbornly refused to fall close to the average for Tyne and Wear, suggesting that the developments in the UDA had had little impact on levels of unemployment in neighbouring areas.

4.3.3 English Estates/ English Partnerships

'English Industrial Estates provided most of the public sector advance factory units in Tyne and Wear over the last thirty years; between 1974 and 1981, they accounted for 39% of public sector building. In 1983, out of a total of 58,000 sq m of new industrial development, nearly two thirds was developed by the public sector'

(Cameron S. et al. 1985 p50)

In 1990 English Estates' national portfolio comprised 4,300 units, totalling 1.7 million square metres and was valued at £313m. Much of it has since been sold. In the North East, between 1990 and 1993, 118 sales were completed, generating receipts of £55m (National Audit Office 1993b). A further tranche of the portfolio was auctioned off by English Partnerships in 2000 and was bought by Ashtenne, a North East based property investor and developer. The remainder of the portfolio, comprising 1700 properties across 65 estates in the region, was transferred to the ONE North East, the regional development agency, which has recently outsourced the management of the portfolio by way of a Public Private Partnership to UK Land Estates. The legal vehicle is a limited partnership, with ONE retaining a 50% minority stake in the company. The partnership is expected to run for a ten year period, during which time ONE will draw-down money and retain the majority of the equity. The exit strategy will be the disposal of the asset (North East Assembly 2003).

English Partnerships has been involved in eight of the twenty developments, as sole developer (e.g. North Sands Business Centre), land owner (e.g. Balliol Business Park) or by building advance units (e.g. Sunderland Enterprise Park).

4.3.4 City Challenges

There have been City Challenges in the West End of Newcastle and North Tyneside where some of the worst rioting in the early nineties occurred. There has also been a City Challenge in Pennywell in Sunderland, where a lot of activity was directed towards improving housing and social conditions as well as creating training and employment opportunities. All three City Challenge areas were contiguous with the

UDA and coordinated efforts were made to diminish the stark contrasts between run down residential areas and the new office and industrial buildings of the Development Corporation's flagships.

Two of the 20 case study developments, Howard Street and Silverlink, were assisted by North Tyneside City Challenge, but Newcastle West End and Pennywell City Challenges have not been covered by the study because they focussed predominantly on residential development and therefore did not contribute in any significant way to industrial or office development.

4.3.5 European Regional Development Fund

Tyne and Wear's Objective 2 funding status has enabled local authorities and other public sector agencies, such as TWDC, to secure ERDF funding for infrastructure works to service developments. The main contribution that the ERDF has made to case study developments has been through the provision of new roads and services e.g. Royal Quays link roads. A notable exception is Follingsby Park where the developers were able to secure significant ERDF money to fund seven phases of construction of industrial and warehouse space under the TAWSEN programme.

4.4 The Tyne and Wear Property Market

The primary sources of property market data that are available to describe the performance of office and industrial markets in Tyne and Wear are reviewed before detailed summaries are provided of the twenty office and industrial developments in Tyne and Wear. In total, there are just over 30,000 separate business sites and premises in Tyne and Wear, with a profile of uses shown in Table 4.4 (Office for National Statistics 2002). The case study captures business properties in all but the first of these categories.

'At the end of June 1997, NPAS recorded 1.05 million sq metres of industrial floorspace in 487 units and total office floorspace of 280,000 sq m in 518 units across the region. Tyne and Wear accounted for approximately half of all industrial units and Newcastle alone accounted for a third of all office units in the region'

(Economic Research Services 1998 Section 2.7)

Table 4.4 Use of Sites and Premises in Tyne and Wear by Business Class

Business Class	%
<i>Agriculture</i>	<i>1</i>
<i>Manufacturing, Mining & Utilities</i>	<i>8.3</i>
<i>Construction</i>	<i>7.3</i>
<i>Distribution, Hotels & Catering</i>	<i>34.6</i>
<i>Transport & Communication</i>	<i>4.1</i>
<i>Financial & Professional</i>	<i>22.9</i>
<i>Education & Health</i>	<i>10.4</i>
<i>Public Services</i>	<i>11.6</i>

(Office for National Statistics 2002)

Newcastle is the dominant office centre, competing with Leeds and Edinburgh for national occupiers, although new developments such as Doxford and Cobalt business parks have had an impact on the status quo. The industrial market is more fragmented but Team Valley Trading Estate, established in the 1930's is still by far the largest agglomeration of industrial floorspace in the region. Retailing, although outside the parameters of this study, is the strongest sector of the property market with two nationally significant retail centres in the Metro Centre and Eldon Square and Northumberland Street.

4.4.1 Data Sources

In 1998 English Partnerships acknowledged the limitations of market data in the region.

'There is no central source of information for end-users or developers and property agents' 'market instincts' needed to be supported by hard, up-to-date information. A new joint mechanism is needed to monitor market demand and to share information on the physical and economic needs of end users. Local market intelligence is therefore very important. The public sector should do more to identify end-users and analyse their requirements in order to help identify not only areas of need but also where demand exists.'

(English Partnerships 1998 p8)

Five years later not much had changed. A report scrutinising the sites and premises strategy of ONE, by the North East Assembly (2003), observed that the North East property market continued to suffer from a lack of up-to-date, accurate and reliable data on the supply of, and demand for sites and premises. It was noted that ONE was working with its partners to improve the availability and quality of property market data and information in the region, having commissioned a region-wide

employment sites and premises study that reported in July 2003, and tasking sub-regional partnerships to carry out surveys of property supply, availability and suitability in their areas. The report recommended that ONE seek ongoing improvement in the accuracy and availability of property market information and analysis across the region, commission new market surveys where there are gaps and make the information available to both public and private sector stakeholders, investors and market players, at nominal cost.

4.4.1.1 Rating List and Valuation Office Agency Reports

The Valuation Office Agency (VOA) carries out periodic revaluation of all non-residential properties (hereditaments) in England and Wales. The last revaluation was in 2000. It also publishes an annual report that includes a summary of regional property markets and data on rental and capital values and yields that provides separate data for Enterprise Zone property.

Table 4.4.1.1a Types of Office and Industrial Accommodation

Office Type 1	<i>Town centre location, self contained suite over 1000 sq m in office block erected in last 10 years, good standard of finish with a lift and good quality fittings to common parts, limited car parking available.</i>
Office Type 2	<i>As Type 1 but suite size in range 150 sq m to 400 sq m.</i>
Office Type 3	<i>Converted former house usually just off town centre, good quality conversion of Georgian/Victorian or similar house of character, best quality fittings throughout, self contained suite in size range 50 sq m to 150 sq m with central heating and limited car parking.</i>
Industrial Type 1	<i>Small starter units, 25 sq m to 75 sq m, steel framed, concrete block or brick construction, often built in terrace layout and let on weekly terms.</i>
Industrial Type 2	<i>Nursery units, 150 sq m to 200 sq m, steel framed on concrete base, concrete block or brickwork to 2 metres with metal PVC covered cladding above. Eaves height 3.75 to 4.5 metres and lined roof. Limited or no office content and common parking and loading areas.</i>
Industrial Type 3	<i>Industrial/warehouse units, circa 500 sq m steel framed on concrete base, concrete block or brickwork to 2 metres with metal PVC covered cladding above. Eaves height 4.3 to 5.5 metres with lined roof. 10 to 15% office content, detached on own site with private parking and loading facilities.</i>
Industrial Type 4	<i>Industrial/warehouse units circa 1000 sq m steel framed on concrete base, concrete block or brickwork to 2 metres with metal PVC covered cladding above. Eaves height up to 7.6 metres with lined roof. 10% to 15% office content, detached on own site with private parking and loading facilities</i>

(Valuation Office Agency 2000a)

In 2000 it reported that office yields in the North East ranged between 7.9% and 15.2% and factory/warehouse yields ranged between 4.8% and 12.2%. These figures are based on all transaction of which the VOA has been notified and are not restricted to any particular category of property and are therefore not particularly helpful. However, for rental data the VOA report is more discriminating, using three types of office and four generic types of industrial accommodation that it provides average rental data for. Using the above property types, accurate data is available on rental and capital values in various parts of Tyne and Wear. For example:

Table 4.4.1.1b North East Office Rents 2000

<i>Location</i>	<i>Type 1 £ per sq m per annum</i>	<i>Type 2 £ per sq m per annum</i>	<i>Type 3 £ per sq m per annum</i>
<i>Newcastle</i>	105	105	75
<i>Sunderland</i>	80	80	60

(Valuation Office Agency 2000a)

Of more interest is the comparison of EZ rental values with those for areas outside the EZs. It is apparent that a two-tier property market, similar to that described in Chapter 2, has been operating in the conurbation.

Table 4.4.1.1c North East Industrial Rents 2000

	<i>Type 1 £ per sq m per annum</i>	<i>Type 2 £ per sq m per annum</i>	<i>Type 3 £ per sq m per annum</i>	<i>Type 4 £ per sq m per annum</i>
<i>North Tyneside</i>	55	41	34	31
<i>Team Valley</i>	60	49	42	38
<i>Sunderland EZ</i>			52	49
<i>Tyne Riverside EZ</i>			60	55

(Valuation Office Agency 2000a)

Table 4.4.1.1d North East Industrial Capital Values 2000

	<i>Type 1 £ per sq m per annum</i>	<i>Type 2 £ per sq m per annum</i>	<i>Type 3 £ per sq m per annum</i>	<i>Type 4 £ per sq m per annum</i>
<i>North Tyneside</i>	410	300	250	225
<i>Team Valley</i>	560	475	375	320
<i>Sunderland EZ</i>			460	435
<i>Tyne Riverside EZ</i>			720	660

(Valuation Office Agency 2000a)

The Valuation Office also provides a quantification of the total number of units and floorspace in the conurbation (see Table 4.4.1.1e). The VOA data gives a useful overview of the stock of office and industrial accommodation by local authority

district, as well as confirming the differential in rental values between on and off-zone premises in the Sunderland and Tyneside EZs. However, the aggregated nature of the data means that it cannot discriminate individual development projects thus attribution is impossible.

Table 4.4.1.1e Total Floorspace and Number of Heraditaments by Bulk Class

	Office		Factories		Warehouses		Total	
	Number	Area 000m	Number	Area 000m	Number	Area 000m	Number	Area 000m
<i>Tyne and Wear</i>	5,629	1,915	4,426	5,572	3,203	2,374	13,258	9,861
<i>Gateshead</i>	847	232	998	1,335	925	749	2770	2316
<i>Newcastle upon Tyne</i>	2,697	1,033	1,085	1,058	775	459	4557	2551
<i>North Tyneside</i>	636	183	689	763	467	336	1792	1282
<i>South Tyneside</i>	402	101	512	648	270	207	1184	957
<i>Sunderland</i>	1,047	366	1,142	1,768	766	623	2955	2756

(Valuation Office Agency 2000a)

4.4.1.2 Northern Property Analysis Service

NPAS is a property intelligence service, set up in 1988, covering sections of the industrial and commercial property markets in the North East of England, and is generally regarded as the most extensive and reliable source of information on office and industrial property availability in the region. Property data is compiled from partners, such as ONE (previously EP and NDC), local authorities, surveyors (e.g. SSP Storey's, Lamb and Edge, Sanderson Weatherall, Chesterton and DTZ Tie Leung) subscribers and other surveyors. The partners cover approximately 70% of commercial and industrial property in the North East. The data is collected using a pro-forma to construct a time series and by approaching other surveyors and local authorities.

The analysis is presented in four sections, the availability of accommodation, new properties, properties leaving the market and take-up by location. It covers all office units above 150 sq m, all industrial units above 500 sq m and all development sites over 0.5 hectares. It does not therefore capture the smallest industrial units and office suites that typically provide nursery, incubator start-up accommodation, however all lettings and sales are recorded irrespective of size (Economic Research

Services 1998). There is no alternative source of reliable information on this sector of the market although ONE NorthEast, aware of this gap has recently launched an initiative to capture data on small business accommodation, because it needs to promote the creation of SMEs and improve their survival rates.

English Partnerships (1998) 'Raising the Temperature' report, looking at the requirements of small and medium-sized enterprises in the North East Region, was based on analysis of NPAS office and industrial data. The report confirmed that there was a considerable over-supply of both office and industrial floorspace in the region but that there were growing accommodation shortages for SMEs. Other than in the 'hot' spots there were almost no speculative units around. In these circumstances, it was very difficult to demonstrate demand if there was no supply. EP recommended that public intervention was needed to secure the provision of new good quality units, particularly in the 2000-5000 sq ft range (English Partnerships 1998).

ERS and Lamb and Edge carried out a study of the region's requirements for premises for SMEs that used land values, rental levels, capital values and the number of transactions as a proxy to identify areas of high and low demand. They (Economic Research Services 1998) reported a considerable over-supply of both industrial and office floorspace of which the large office and industrial premises had limited potential for refurbishment or redevelopment. They recommended that the overall surplus of stock should not be allowed to mask the higher take-up rates and diminishing supply of stock in several of the smaller size bands. The provision of good quality office units was much greater in relative terms than for industrial properties and yet the rate of decline in availability of good units relative to the total available was much higher in the industrial sector than the office market, a phenomenon that they could not explain (ERS 1998).

A recent study of employment sites and premises in the North East undertaken by King Sturge (2003) on behalf of ONE NorthEast, Tyne and Wear Partnership and the North East Assembly, relied heavily on NPAS data. As a result it does not capture industrial units of less than 500 square feet and office suites of less than 150 square feet, but does provide data on the supply of, and demand for, employment land and premises in Tyne and Wear. The report confirmed that Tyne and Wear accounts for more than half the office accommodation in the region (1.9 million square metres),

over 40% of the industrial stock (5.5 million square metres) and a quarter of employment land for development (77ha).

The majority of the report is a descriptive presentation of statistical data on the breakdown of the supply and availability of office and industrial accommodation across the region. Of more interest is the qualitative analysis of the available stock which concludes that across the region more than half of all employment sites were poor quality and over a third of all vacant industrial and office accommodation were graded 'poor' (King Sturge 2003).

The section on demand considered office and industrial occupier requirements and past take-up rates, based on the premise that business needs for industrial property fall into three distinct categories, bespoke manufacturing facilities, standard industrial/warehouse accommodation and large-scale distribution facilities. Office occupier requirements were rather predictably split between town centre and out-of-town and by function. The report concluded that there was an overprovision of employment land in the region, nearly 4000 hectares, which is equivalent to 33 years take-up, and an over-supply of large, old factory units. In contrast, there was an under-supply of good quality new industrial stock, particularly where demand is strongest. The same applied to office, R&D, warehouse and logistics accommodation. A specific shortage of industrial units between 10,000 and 15,000 square feet suitable for SMEs was reported. The authors recommended that agencies focus on improving the quality of supply and addressing the areas of mismatch including the gaps in provision (King Sturge 2003).

4.4.1.3 Agents' Surveys

A number of regional and national commercial and industrial property agents periodically produce office and industrial market reports, some of which are put in to the public domain. Most of these use NPAS data for aggregate figures on the availability of accommodation but also use in-house data generated by transactions that the particular firms has been involved with on behalf of clients. The reports are generally descriptive rather than analytical and tend to focus on prevailing headline rents and deals done, to the detriment of more considered analysis.

One of the better examples was a demand study by Llewelyn Davies et al (1994) and Sanderson, Townend and Gilbert's (1998) revision, that identified 240 development

sites in Tyne and Wear, totalling just over 700 hectares, however not all of this land was available on the market and a number of sites did not have infrastructure. They summarised that there was a lack of good quality large sites in the Tyne and Wear market; all of the larger sites that were available were located along the A19 corridor. Approximately 55% of take-up of sites/development of land was within EZs or UDC areas. Their estimate of take-up based on the previous 10 years was an average of around 50 hectares per annum, which, when compared to competing supply, suggested that there was less than four years' supply of good quality employment land available.

They believed that a two tier industrial market had developed in Tyne and Wear, characterised by good quality stock in the edge of town industrial parks and poor quality stock in the inner areas.

'Quality premises were concentrated in the former EZs of Team Valley and Sunderland. The market was also characterised by a reliance on public sector grants and incentives together with direct public sector development. There was approximately 437,000 square metres of industrial space available in Tyne and Wear, 18% of which was in Newcastle. Over three quarters of the stock was poor quality and virtually incapable of beneficial occupation. There were approximately 911 hectares of unused land designated for industrial use, only a quarter of which was capable of being developed and only 7% of which was considered to be high quality (almost exclusively the EZs).'

(Llewelyn Davies et al. 1998 section 4.3)

4.4.1.4 Other Sources

There is a range of miscellaneous sources of property market data of varying reliability. Some of the local authorities, such as GMBC, produced limited broad based surveys, using NPAS data to which they contribute, as well as monitoring EZs and the UDC within their borough. Revealingly, GMBC believed that DoE EZ figures were unreliable as they did not separate out the different zones, and that the data contained errors from the start because the DoE relied on (inaccurate) Inland Revenue figures rather than the Council's own.

Tyne and Wear Research and Information supported by the five local authorities in Tyne and Wear, publish a biannual survey of vacant industrial properties based on a database they maintain, the data for which originates from agents, English Partnerships/RDA and local authorities in Tyne and Wear. Recently they have

started to provide information on the office market and they also produced an annual report of the Tyne and Wear Urban Development Area (Tyne and Wear Research and Information 1998a).

More recently the RDA and Government Office has got in on the act, such work often being done by consultants who tend to use regional and national property agents to provide the property market analysis. In a survey of sub-regional partnerships by the Government Office, the Tyne and Wear Partnership reported that the availability of industrial and commercial space had declined some 19% since 1997, but more recently had fluctuated around 450,000 sq m. Newcastle had seen the greatest reduction, of around 57%. Overall availability of office space in the sub-region at December 1999 was 202,000 sq m. Of this, 45% was less than 15 years old. They reported that 105,000 sq m had been developed in the previous three years by the public sector, an annual average of 35,000 sq m. The data provided was not disaggregated, but appeared to suggest that about 15% was workshop space, 45% other industrial and 40% offices (Fraser Associates et al. 2000).

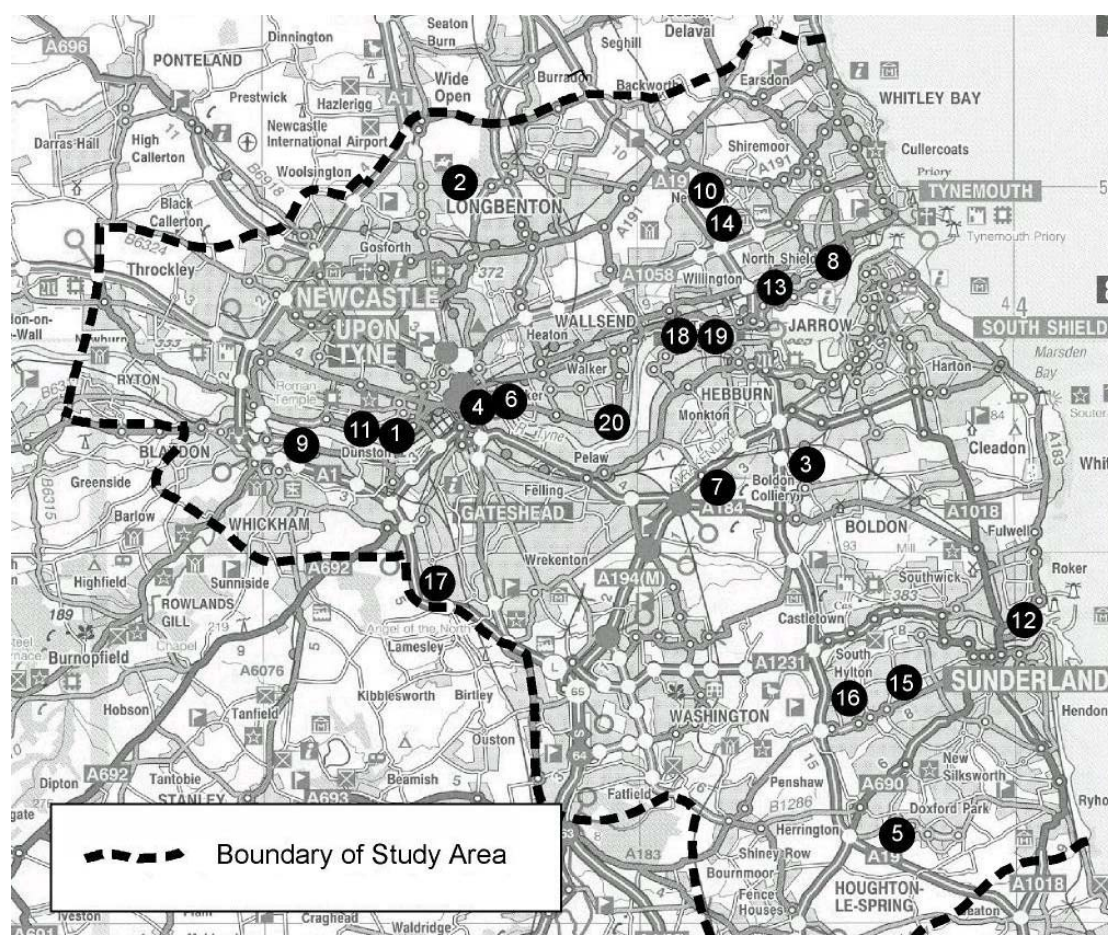
The survey found that, in comparison with other sub-regions in the North East, there are more locations in Tyne and Wear where the public sector does not (now) need to intervene beyond the provision of land preparation and infrastructure in order to secure the development of premises. It identified locations such as Gateshead (Follingsby, Team Valley, Blaydon) and Newcastle (part of the City centre and Walker Riverside) as the relative hotspots. However, it should be noted that all these locations have had public sector assistance in the past to encourage a viable property market to develop. This positive assessment has been reinforced by Adair et al's benchmarking of urban regeneration for the ODPM and RICS (Adair et al. 2003b) that reported that investment returns for commercial and industrial property in regeneration areas in Tyne and Wear had started to increase significantly in the latter part of the 1990s.

4.4.2 The Twenty Office and Industrial Developments

This section profiles the twenty assisted office and industrial developments in Tyne and Wear used in the case study. They range from large-scale office developments on brownfield sites, to industrial development on greenfield sites, to nursery starter units in managed facilities. Five of them are in Newcastle, three in Gateshead, five in North Tyneside, three in South Tyneside and four in Sunderland (see Figure 4.4.2).

A dozen of the developments have had or still currently have Enterprise Zone status, eight were in the UDA, English Partnerships were involved with five of them, and two-thirds have been assisted by two or more forms of public sector intervention. Ten different developers have been involved in construction activity, with seven different agencies administering seven different forms of assistance. The developments contain over 800 different occupiers in 700 buildings comprising nearly 500,000 square metres of accommodation on over 600 hectares of land, the total investment on which exceeds £1.5bn.

Figure 4.4.2 – Location of the Office and Industrial Developments in Tyne & Wear



A timeline or chronology was compiled to illustrate the political and policy context that was responsible for the development of the twenty office and industrial developments. It charts their progress, from inception to completion, over a 24 year time frame between 1980 and 2003 (see Appendix A). The chronology is another

original contribution to the recording and measurement of property-led regeneration in Tyne and Wear.

A template has been used to present a standardised profile of each development to aid comparison and brevity. The data presented in tabular form has been derived where possible from authoritative sources, however a significant quantity of the data and information presented in the templates has been compiled from the author's own case study research. In addition, more detailed written profiles, illuminated using location plans, aerial photographs, master plans, site and floor plans of the developments are presented in Appendix A. The profiles have been compiled from a variety of potential sources, such as TWDC, Local Authorities, academics, commercial property agents, EE/EP etc. Generally speaking, the larger the development is, the more that is written about it. For example, the Newcastle Business Park has been the subject of detailed study by Byrne (1987), Greenhalgh et al. (1993), Robinson et al. (1993) and Fisher et al. (1999).

The profiles presented in this section and its supporting appendix represent an original collection of data and information on twenty of the most significant office and industrial schemes developed in Tyne and Wear during the last quarter of a century.

1. Armstrong Industrial Estate			
Profile	Industrial	Public sector intervention	Newcastle City, DLG, EZ & TWDC
Local Authority	Newcastle City	Public sector investment	£2m + EZ rates free & capital allowances
O.S. grid ref	NZ234632	Private Developers	Dysart
Site Area (ha)	3.2	Number of buildings/units	46
Site Condition	Derelict industrial	Total floor space (sq m)	9225
Space first available	1987	Total investment	£36m
Other information			
Located 1.5 km west of Newcastle City Centre, on the south side of Scotswood Road, it was the first and only phase of the Armstrong Centre, a mixed-use development proposal promoted for the former Vickers Armstrong site by NCC. The remainder of the site was developed as the Newcastle Business Park (see 11).			

2. Balliol Business Park			
Profile	Office/Industrial	Public sector intervention	EP & EZ
Local Authority	North Tyneside	Public sector investment	Unknown
O.S. grid ref	NZ263695	Private Developers	Bespoke, JF Finnegan & Grantside
Site Area (ha)	34	Number of buildings/units	11
Site Condition	Greenfield	Total floor space (sq m)	84,236
Space first available	1995	Total investment	Unknown
Other information			
<p>Located on the urban fringe of North Tyneside, 6.5 km north of Newcastle, close to the A189, it comprises two parts (east and west); EP serviced and landscaped the site, building some advance units before selling off development plots on 125 year ground leases at peppercorn rents. It has been developed for B1, B2 and B8 use under a tight development guide and building licences to ensure quality. Development of the former Viasystems site by Grantside is still ongoing.</p>			

3. Boldon Business Park			
Profile	Industrial & incubator	Public sector intervention	STMBC, DLG, ERDF, City Grant & EP
Local Authority	South Tyneside	Public sector investment	£8.77m
O.S. grid ref	NZ340615	Private Developers	London & Edinburgh, Easter + bespoke
Site Area (ha)	42.5	Number of buildings/units	49
Site Condition	Former colliery	Total floor space (sq m)	40,000 +
Space first available	1990	Total investment	Unknown
Other information			
<p>Strategically located at the intersection of the A184 and A19, 4km south of the Tyne Tunnel, the site was transferred by Tyne and Wear County Council to English Estates who subsequently sub-let part to STMBC. The site has been developed for B1, B2 and B8 use, with 30 hectares prepared by STMBC using DLG, the remaining 12.3 hectares being constrained by overhead pylons. It comprises three distinct components, an industrial estate around Didcot Way, a Hi-Tech village along Witney way and a second industrial estate around Brooklands Way. The recently opened Quadras Centre was not covered by the survey.</p>			

4. Central Business and Technology Park			
Profile	Office & incubator	Public sector intervention	TWDC
Local Authority	Newcastle City	Public sector investment	£2.4m
O.S. grid ref	NZ253644	Private Developers	A.F. Budge
Site Area (ha)	2.3	Number of buildings/units	5(43)
Site Condition	Derelict railway station	Total floor space (sq m)	12,913
Space first available	1992	Total investment	£14m
Other information			
Located adjacent to the central motorway and with its own metro station (Manors) it is debateable whether the development needed TWDC to pay for the reclamation and servicing of the site but was included in their UDA as a 'quick win'. The Technopole offers nursery units for hi-tech business start-ups.			

5. Doxford Park			
Profile	Office	Public sector intervention	ERDF & EZ
Local Authority	Sunderland City	Public sector investment	£1.5m + EZ rates free & capital allowances
O.S. grid ref	NZ363522	Private Developers	Akeler Developments
Site Area (ha)	17.1	Number of buildings/units	17
Site Condition	Greenfield	Total floor space (sq m)	64,000
Space first available	1993	Total investment	£125m +
Other information			
The 35.1 ha site is located adjacent to the intersection of the A19 and A690 on the south western edge of Sunderland; the 18ha Doxford Technology Park did not have EZ status and was omitted from the survey. Solar office building's cost of £7.8m part funded by £1.5m ERDF grant. It has an array of 45,000 photovoltaic cells.			

6. East Quayside (including Closegate)			
Profile	Office , residential and leisure	Public sector intervention	TWDC
Local Authority	Newcastle City	Public sector investment	£79m (£unknown)
O.S. grid ref	NZ257641	Private Developers	AMEC Developments (Scottish Amicable)
Site Area (ha)	10 (1)	Number of buildings/units	6 (1)
Site Condition	Derelict quays	Total floor space (sq m)	21,184 (6435)
Space first available	1995	Total investment	£200m + (£unknown)
Other information			
TWDC's premier flagship project, located on Newcastle's historic quayside, capitalised on the building of Newcastle's new law courts immediately to the west of the site. More than any other project it symbolises Newcastle's transformation from a declining industrial giant to a modern and attractive place to do business. The site was assembled by TWDC from 48 different interests; a single development plot remains.			

7. Follingsby Park			
Profile	Industrial/Distribution Warehousing	Public sector intervention	ERDF
Local Authority	Gateshead	Public sector investment	£7.6m
O.S. grid ref	NZ309606	Private Developers	White Rose Development
Site Area (ha)	32	Number of buildings/units	14
Site Condition	Derelict railway sidings	Total floor space (sq m)	46,400
Space first available	1995	Total investment	£19m
Other information			
The site is located on the eastern edge of Gateshead Borough, beside the A194(M), roughly equidistant between the A1(M) and the A19. Previously a freight liner terminal owned by British Rail, it was acquired by Yorkshire Water Estates Limited in 1994 for £680,000, on the basis that British Rail would take a share of the developer's profit. It has subsequently been developed for B1, B2 and B8 use by White Rose Development Enterprises, a joint venture between Yorkshire Water and Evans of Leeds. European funding has been provided via the TAWSEN programme; the site can accommodate 76,000 sq m.			

8. Howard Street (Union Square)			
Profile	Office & residential	Public sector intervention	City Grant, DLG, SRB ERDF & Urban Prog
Local Authority	North Tyneside	Public sector investment	£8.6m
O.S. grid ref	NZ357683	Private Developers	Wimpey Homes Ltd
Site Area (ha)	Unknown	Number of buildings/units	4(36)
Site Condition	Derelict commercial buildings & land	Total floor space (sq m)	3717
Space first available	1995	Total investment	£15.8m
Other information			
<p>The project, a block of buildings situated immediately south of North Shields town Centre, comprises Howard House Commercial Centre, Howard House, Camden Street offices and East Howard Street. NTMBC selected Wimpey Homes Ltd as preferred developer as far back as 1989, following a design competition, but the scheme suffered delays due to the recession and difficulties in assembling the site. The development eventually took-off following the Union Square Central Area Feasibility Study in 1994, which coincided with the launch of North Tyneside City Challenge.</p>			

9. Metro Riverside			
Profile	Office and industrial	Public sector intervention	EZ
Local Authority	Gateshead	Public sector investment	EZ rate free & capital allowances
O.S. grid ref	NZ213630	Private Developers	J.F. Miller
Site Area (ha)	4.9	Number of buildings/units	11
Site Condition	Derelict industrial	Total floor space (sq m)	12,700
Space first available	1996	Total investment	Unknown
Other information			
<p>The 10 ha site is located immediately north of the Metro Centre bus and train interchange. Capital allowances for the first phase of the development were secured beyond the expiry of the EZ in 1991 by using a golden contract. Phase 1 was started in 1994 and completed two years later. Subsequent phases have not benefited from capital allowances and have been omitted from the survey.</p>			

10. New York Industrial Estate			
Profile	Industrial	Public sector intervention	EP & EZ
Local Authority	North Tyneside	Public sector investment	£1m + EZ rate free & capital allowances
O.S. grid ref	NZ323697	Private Developers	Hillford, Shiremoor, Cannock, Silverlink
Site Area (ha)	12	Number of buildings/units	26
Site Condition	Greenfield	Total floor space (sq m)	53,000
Space first available	1995	Total investment	Unknown
Other information			
<p>New York IE is a somewhat incoherent collection of separate developments adjacent to Cobalt Business Park (see 14) 1 km north of the junction of the A19 and A1058. The first development was by Cookson Fukuda who built themselves a factory with £1m of public sector assistance. In 1994 English Estates speculatively built 3 detached and 5 terraced industrial units. The granting of EZ status to the remaining undeveloped land in 1996 prompted three privately funded speculative developments and miscellaneous bespoke developments.</p>			

11. Newcastle Business Park			
Profile	Office	Public sector intervention	TWDC & EZ
Local Authority	Newcastle City	Public sector investment	£13.6m + EZ rate free & capital allowances
O.S. grid ref	NZ230630	Private Developers	Dysart
Site Area (ha)	27	Number of buildings/units	25
Site Condition	Derelict industrial	Total floor space (sq m)	66,225
Space first available	1991	Total investment	£140m
Other information			
<p>The site, situated 1.5km to the west of Newcastle City centre and 2km east of the A1(M) motorway, was TWDC's first major development. The site was originally sold by Vickers Armstrong to Newcastle City in 1984 before being sold on to TWDC in 1987 for £1.4m; Dysart were selected by the City Council for the ill fated Armstrong Centre Development and retained by TWDC to build out the business park.</p>			

12. North Sands Business Centre			
Profile	Incubator offices	Public sector intervention	EE, TWDC, ERDF
Local Authority	Sunderland City	Public sector investment	£2.8m
O.S. grid ref	NZ433578	Private Developers	n/a
Site Area (ha)	Unknown	Number of buildings/units	1(47)
Site Condition	Derelict industrial	Total floor space (sq m)	2890
Space first available	1992	Total investment	£2.8m
Other information			
Situated adjacent to TWDC's St Peter's Riverside development, on the north bank of the River Wear, 1km north of Sunderland City Centre, the business centre provides 47 high quality serviced office and studio units from 21.5 to 198.5 sq m, on easy-in, easy-out terms. It is now owned and managed by Buildings for Business, a joint venture company between ONE North East and UK Land Estates.			

13. Royal Quays			
Profile	Mixed use	Public sector intervention	TWDC, ERDF & EZ
Local Authority	North Tyneside	Public sector investment	£84m + EZ rates free & capital allowances
O.S. grid ref	NZ345671	Private Developers	Collingwood Properties
Site Area (ha)	81	Number of buildings/units	6
Site Condition	Derelict docks	Total floor space (sq m)	31,300
Space first available	1994	Total investment	£290m
Other information			
TWDC's most ambitious project is located immediately west of North Shields town centre and adjacent to the notorious Meadowell housing estate. The land surrounding the Albert Edward Dock was purchased from the Port of Tyne in a deal which consolidated saw their facilities consolidated on the south bank of the Tyne. It includes a 250 berth marina, 1200 houses, factory outlet shopping centre, water park, hotel and two parks.			

14. Silverlink and Cobalt Business Parks			
Profile	Office & hi-tech manufacturing	Public sector intervention	City Grant, City Challenge & EZ
Local Authority	North Tyneside	Public sector investment	£20m + EZ rate free 7 capital allowances
O.S. grid ref	NZ320695	Private Developers	Silverlink Properties & Highbridge
Site Area (ha)	40	Number of buildings/units	22
Site Condition	Greenfield (reclaimed colliery)	Total floor space (sq m)	200,000
Space first available	1991	Total investment	£1.2bn
Other information			
Silverlink and Cobalt business parks are situated adjacent to the A19, 1km north of its intersection with the A1058 Coast Road. Most of the land was held by TWEDCo having been previously owned by Tyne and Wear County Council. Profile data is dominated by the construction of an 83,000 sq m wafer fabrication plant for Siemens costing £1.1bn which closed within 18 months of opening; £18m of public funding was recovered and the plant mothballed. The Cobalt site can accommodate up to 100,000 sq m of offices.			

15. Sunderland Enterprise Park			
Profile	Office/industrial	Public sector intervention	TWDC, EE & EZ
Local Authority	Sunderland City	Public sector investment	£20m + EZ rates free & capital allowances
O.S. grid ref	NZ369584	Private Developers	London & Edinburgh, Easter & Terrace Hill
Site Area (ha)	53	Number of buildings/units	50
Site Condition	Derelict colliery & shipyard	Total floor space (sq m)	93,000
Space first available	1993	Total investment	£100m
Other information			
The linear site runs 2km along the north bank of the River Wear between Queen Alexandra Bridge and the A19. TWDC's biggest project comprised two sub areas, the site of the former Hylton Colliery and the Southwick shipyard both of which required extensive reclamation. Gross aggregate figures include data for the Business Innovation Centre which was excluded from the survey (see 3.4.1).			

16. Sunrise Enterprise Park			
Profile	Industrial/distribution warehousing	Public sector intervention	TWDC & EZ
Local Authority	Sunderland City	Public sector investment	£0.5m + EZ rate free & capital allowances
O.S. grid ref	NZ350577	Private Developers	Scottish Provident & Akeler
Site Area (ha)	6.5	Number of buildings/units	9
Site Condition	Greenfield	Total floor space (sq m)	21,089
Space first available	1992	Total investment	£10m
Other information			
Located adjacent to the junction of the A19 and A1231, the site was rapidly built out after being given EZ status due to infrastructure already being in place.			

17. Team Valley Trading Estate			
Profile	Office/industrial	Public sector intervention	EZ & English Industrial Estates/EP
Local Authority	Gateshead	Public sector investment	£140m + EZ rate free & capital allowances
O.S. grid ref	NZ246593	Private Developers	Miscellaneous speculative & bespoke
Site Area (ha)	76 EZ (total area 285)	Number of buildings/units	250
Site Condition	Greenfield	Total floor space (sq m)	193,000 (66% industrial 34% office)
Space first available	1981	Total investment	£246m
Other information			
Originally laid out in the 1930s, the 285 ha trading estate is the biggest in the North East. The survey covers the 145ha of the south end of TVTE that was given EZ status. Speculative development by English Estates has been followed by bespoke and speculative private development that has continued after the zone expired.			

18. TEDCO Business Centre			
Profile	Incubator	Public sector intervention	TWDC, ERDF, TTEC STMBC & STTF
Local Authority	South Tyneside	Public sector investment	£2.8m
O.S. grid ref	NZ318657	Private Sponsors	Rolls Royce & Proctor & Gamble
Site Area (ha)	2	Number of buildings/units	3(120)
Site Condition	Derelict industrial	Total floor space (sq m)	4645
Space first available	1995	Total investment	£2.8m
Other information			
The business centre, developed by Tyneside Economic Development Co, forms part of the Viking Industrial Park (see Development 19) located to the north west of Jarrow town centre. It provides managed office and manufacturing units from 9.3 sq m to 70 sq m on easy-in easy-out terms.			

19. Viking Industrial Park			
Profile	Industrial	Public sector intervention	TWDC, ERDF, STMBC, EE/EP & EZ
Local Authority	South Tyneside	Public sector investment	£10m + EZ rates free & capital allowances
O.S. grid ref	NZ321657	Private Developers	Bespoke & Langtree Group
Site Area (ha)	24	Number of buildings/units	30
Site Condition	Derelict industrial	Total floor space (sq m)	32,400
Space first available	1994	Total investment	£20m
Other information			
The development, located immediately to the north west of Jarrow town centre, comprises King's Court, Royal I.E., Rolling Mill Road, Network Centre & Eco-centre. Its inferior location has meant that, despite EZ status, space has been slow to let.			

20. Walker Riverside			
Profile	Industrial	Public sector intervention	Newcastle City, ERDF, TWDC, SRB & EP
Local Authority	Newcastle City	Public sector investment	£6m
O.S. grid ref	NZ297636	Private Developers	Bespoke
Site Area (ha)	24	Number of buildings/units	18
Site Condition	Derelict shipyard	Total floor space (sq m)	34,000
Space first available	1992	Total investment	£44m
Other information			
Located on the north bank of the River Tyne, 5km to the east of Newcastle City centre, the site benefits from a quay and a 250 tonne crane and has been promoted as a site for industry associated with offshore production. The development comprises Empress Rd, Wincolmlee Rd, Shepherds Offshore, Wellstream; a single plot remains.			

4.5 Chapter Summary

The chapter comprises two distinct parts. The first provides an overview of the economic conditions that have provoked heavy and persistent public sector intervention in Tyne and Wear over the last 25 years, and describes the urban policy tools that have impacted on land and property markets in the conurbation. The second presents concise profiles of each of the 20 developments, assembled from a variety of secondary data sources, which in combination with the detailed supporting material, contained in Appendix A, represent a unique record of precisely what accommodation has been constructed, when and by whom, and the public sector intervention that has contributed to its completion.

A timeline (see Appendix A) was devised to capture the sequence and combination of national urban policy initiatives and local property market interventions that operated during the eighties and nineties that ultimately influenced the property market conditions within which the 20 office and industrial developments were delivered in the conurbation. The timeline is an effective device with which to connect the two distinct parts of the chapter, by illustrating the coincidence of the pervading political, economic and market conditions and the construction and occupation of 20 of the most significant office and industrial developments, completed in Tyne and Wear, during the last quarter of a century.

This chapter, setting out the case study in which the primary research has been conducted, is important because the 20 developments provided the population of office and industrial occupiers for the questionnaire and telephone surveys (see Chapter 5), the office and industrial occupiers from which the occupier chains originate (see Chapter 6) and the interviewees for the third phase of the research (see Chapter 7). Thus, they represent the supply of new office and industrial accommodation that has allowed business occupiers in Tyne and Wear to relocate, which in turn has triggered the creation of occupier chains and generated market excitation and a filtering effect.

The next three chapters report and analyse the findings derived from the three phases of primary research that have been undertaken to investigate this phenomenon.

CHAPTER 5 - ANALYSIS OF QUESTIONNAIRE AND TELEPHONE SURVEY DATA

5.1 Introduction

This chapter presents the analysis of the data captured by the extensive questionnaire and telephone surveys, the main purpose of which was to gather information on the office and industrial occupiers of the 20 developments. Of crucial importance was the identification of the status of the occupiers and, if they were a transfer or branch relocation, their origin. This was a necessary precursor to the occupier chaining survey (see Chapter 6), the first strand of the research, which in turn measured the scale, outcome and spatial distribution of displaced occupiers (see Figure 1.1). Of secondary importance was information about the number of employees pre and post move, the factors that most influenced the move and whether any public sector assistance had been received.

Additional data captured by the telephone survey was incorporated with data from the questionnaire survey to provide an enhanced and comprehensive dataset with which to generate a more representative set of results. For the sake of consistency and accuracy, reference to pre-existing firms, and the two discarded developments of Simonside and BIC, referred to previously, have been removed.

The chapter presents the results of the analysis under headings that mirror the sections and sub-sections of the questionnaire and telephone survey pro-formae. The tentative initial findings of the research were subsequently used to reinforce analysis of the interview data (see Chapter 7) to generate more robust findings.

5.2 Nature of Business and Activity

The researcher was able to identify the nature of business of most (600 of 744 or 77.5%) of the occupiers on the database, even if they had not returned the questionnaire, by using directories to confirm their type of business when it was not apparent from their name. The profile is shown in Table 5.2a. The largest use-category was manufacturing, followed by wholesaling and property and construction. No sector exceeded a 15% share. There is some bias in this profile towards the occupiers of TVTE because not only did they represent approximately half the total population, but all of them had the nature of their business identified using GMBC's

(1999) listing, so none of them would have fallen in to the unknown category. However this is not a significant problem because Team Valley is the largest industrial estate in the North East and accommodates a wide variety of firms both in terms of size and nature of business.

Table 5.2a Nature of Business of Occupiers

Nature of Business	Number on full DB	%	Revised Number on DB	%
Manufacturing	88	14.5	63	13
Wholesaling	70	11.5	26	5.5
Property & construction	62	10.5	33	6.5
Media/advertising/recruitment/repro'	40	6.5	39	8
Computing	38	6.5	27	5.5
Engineering	37	6	23	4.5
Public services	34	5.5	37	7.5
Food & catering	31	5	18	3.5
Transport & distribution	30	5	24	5
Education & training	28	4.5	20	5
Retailing	25	4	28	5.5
Financial services	21	3.5	17	3.5
Utilities	19	3	8	1.5
Insurance/assurance/pension	18	3	16	3.5
Telecommunications	18	3	13	2.5
Medical & healthcare	15	2.5	18	3.5
Professional Services	9	1.5	26	4
Research & development	9	1.5	11	2
Other	5	1	37	7.5
Travel & tourism	3	0.5	3	1
due to rounding TOTAL	600	99	489	98.5*
Unknown	174		7	
TOTAL	774		496	

There is little change in the percentage share for most business types between the original and revised populations, the exceptions being 'wholesaling', which declined due to the sampling of firms on Team Valley, an increase in 'professional services' due to the transfer of surveying, architecture and civil engineering practices from 'property and construction', which suffered a corresponding decrease, and 'other', which filled with the leftover occupiers that did not fall conveniently into the defined categories.

DoE evidence of the industrial composition of the Tyneside EZs, demonstrated the importance of manufacturing activity, which accounted for approximately one-third of all EZ establishments. The DoE (1995a) reported that, nonetheless, there had been a significant shift towards service sector activity, implying that most of the new

enterprises generated on-zone have been within the service sector (see Table 5.2b). This compares with the above profile where over 20% of occupiers are engaged in manufacturing and engineering, and the majority of occupiers on new developments in the conurbation are in the service sector.

Table 5.2b Industrial Composition of Establishments on Tyneside EZ

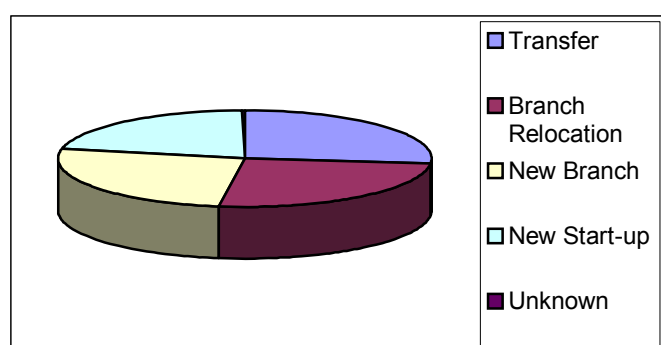
Manufacturing 1985	Services 1985	Manufacturing 1990	Services 1990
49%	51%	24%	76%

(Department of the Environment 1995a)

5.3 Status of Occupier

The number of relocations, represented by the first red box in the occupier chaining model (see Figure 2.3f), is the sum of transfers and branch relocations. Figure 5.3a and Table 5.3 reveal that, significantly, over a quarter of all occupiers were transfers and just less than a quarter were branch relocations. Therefore, over half of all office and industrial occupiers captured by the survey had relocated within the conurbation. New start-ups accounted for just over a fifth of all occupiers and around a quarter were new branches (represented by the first blue box in Figure 2.3f). The remainder were unknown, or in the case of the questionnaire returns were pre-existing firms. The percentage share of start-ups recorded by the total population telephone survey was lower than the questionnaire analysis because of the removal of the BIC. The increased total number of occupiers (509) is the revised total fixed at the end of the chaining exercise.

Figure 5.3a Status of Occupiers



It was found that there were few existing businesses, as all the developments except TVTE did not exist pre-1980. The attraction of new branches and start-ups is viewed positively, because they represent net additional activity if they would not have

existed in the conurbation but for the intervention. Branch relocations and transfers are generally perceived to be less desirable as they may represent nil additionality if they are a straight relocation from one place to another.

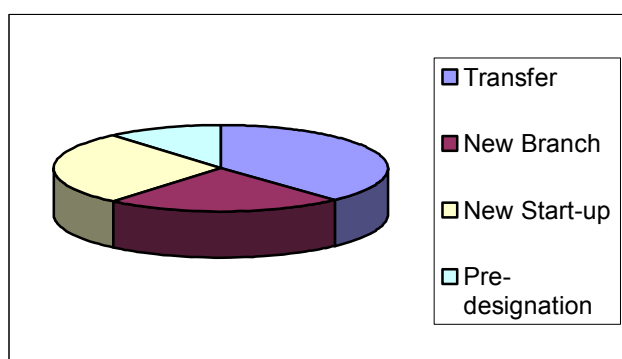
Table 5.3 - Status of Occupiers

Status	Number	%
Transfer	136	26.7
Branch location	129	25.4
New branch	133	26.1
New start-up	109	21.4
Unknown	2	0.4
TOTAL	509	100

These two statements must be qualified by noting that some new start-ups may fail and that new branches are subject to the vagaries of national and international markets. Transfers and branch relocations may generate additionality if the relocation has facilitated an expansion of activity. The DoE (1995a) noted that additionality tends to be highest in branch units and relocations, and lowest in pre-designation companies and that partly-additional activity through investment that would otherwise have been delayed or reduced in scale is significant amongst newly started companies.

The results compare favourably with DoE EZ monitoring which recorded that the largest group amongst post-designation companies are transfers, which represented 38% of all companies, 28% were new start-ups, 23% were branches or subsidiaries, 11% existed pre-designation (see Figure 5.3b).

Figure 5.3b Status of EZ Occupiers



(Department of the Environment 1995a)

‘Just under 30% of firms represented activity which was wholly additional to the local areas with a further 9% of companies reporting some partly additional activity. The relatively high proportion of companies representing

non-additional activity (61%) reflects the high local mobility of firms, many of whom would otherwise have located elsewhere in the local area if the EZ had not been designated.'

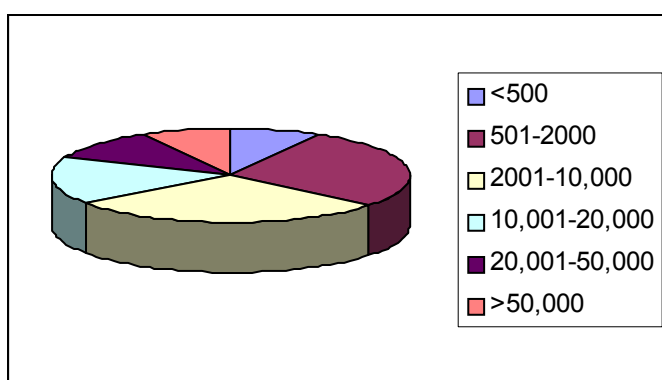
(Department of the Environment 1995a page v)

The ODPM's (2003b) recent assessment of EZs found that although 18.5% of organisations responding to their questionnaire were new start-ups when they located in the EZ, over the course of 22 months 14% of them were no longer present, suggesting a not insignificant failure rate amongst them.

5.4 Size of Premises

Just under a third of buildings occupied were between 501 and 2000 sq ft, and a similar number were between 2001 and 10,000 sq ft. Notably there were as many firms occupying buildings in excess of 50,001 sq ft as there were occupying less than 500, which may partly be a result of the poor return rate from incubator/start-up developments.

Figure 5.4 - Size of Unit (sq ft)



DoE EZ research recorded that more than half the units (56%) are relatively small, of 5000 sq ft or less (Department of the Environment 1995a).

Table 5.4a Size of EZ Premises (sq ft)

<1000 sq ft	1000- 2000 sq ft	2000- 5000 sq ft	5000- 10,000 sq ft	10,000- 20,000 sq ft	20,000- 30,000 sq ft	30,000 sq ft>
14%	15%	27%	16%	11%	5%	12%

(Department of the Environment 1995a)

Using slightly different bandings, the DoE (1995b) compiled a cross tabulation of size of EZ unit against status of company.

Table 5.4b Size of EZ Unit by Status of Occupier

Size bandings (sq ft)	New start-up	Branch	Relocation
<1000 sq ft	39%	28%	33%
1000-2000 sq ft	35%	29%	35%
2000-5000 sq ft	33%	31%	37%
5000-10,000 sq ft	27%	28%	45%
10,000-20,000 sq ft	35%	27%	38%
20,000-30,000 sq ft	21%	25%	54%
>30,000 sq ft	16%	52%	32%

(Department of the Environment 1995b)

Similar analysis of data from the subject study generated a more discriminating profile.

Table 5.4c Size of Unit by Status of Occupier

Size Bandings	Transfer	Branch relocation	New branch	New start-up	Unknown	Total
< 500 sq ft	15%	7.5%	21%	54.5%	1.5%	99.5%*
501-2000sqft	33.5%	17.5%	15.5%	33.5%	0%	100%
2001-10,000sqft	33.5%	33.5%	21%	13%	0%	101%*
10,001-20,000sqft	34%	30.5%	34%	1.5%	0%	100%
20,001-50,000sqft	30%	42.5%	22.5%	5%	0%	100%
>50,000 sq ft	40.5%	26%	29.5%	0%	3.5%	99.5%*
*Due to rounding						

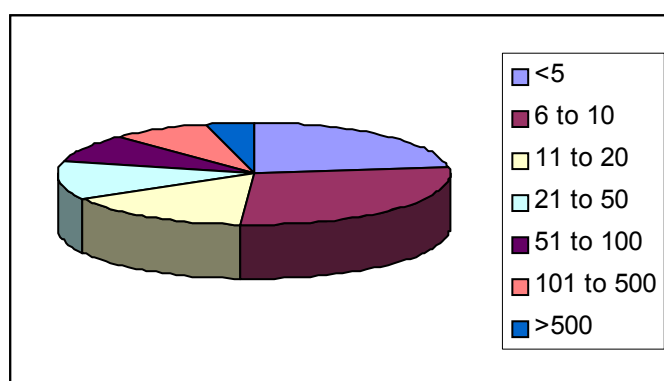
Unsurprisingly, Table 5.4c confirms that most new start-ups (88%) resided in small units (<2,000 sq ft), branch relocations and new branches were spread fairly evenly across the range of unit sizes. Transfers were more numerous in the middle to upper size of units. If transfers and branch relocations are combined, it is apparent that units above 2,000 sq ft attracted a considerable percentage of relocations (nearly three quarters in the case of the 20,001-50,000 sq ft category). Public agencies involved in the production of employment floorspace should therefore contemplate the likely impact of providing a certain size of unit, in respect of not just the status of occupiers that it might accommodate but also the levels of additionality and displacement that may be generated.

5.5 Number of Employees: Current, Post and Prior and Predicted Change

The size of firms was categorised using similar employment thresholds to those employed in the monitoring and evaluation of EZs, and commonly used by local

authorities across a range of employment surveys. Over a quarter of all firms fell into the 6 to 10 employee category, with nearly as many firms having less than 5 employees, thus just over half of all occupiers surveyed had ten or fewer employees (see Figure 5.5). This would suggest that the survey has captured a significant number of small businesses, despite the potential bias towards larger occupiers alluded to earlier. However there were also four firms that employed more than a thousand people each (British Airways, AA Centrica, Barclaycall and Siemens).

Figure 5.5 - Size of Occupier by Number of Employees



The results again compare favourably with DoE EZ monitoring that reported that establishments on the EZ's were overwhelmingly small, with 96% employing less than 100 people (Department of the Environment 1995a). The subject survey generated an equivalent figure of 89%.

The number of employees of firms captured by the survey increased nominally from before, to immediately after a move, although the average number of employees per firm decreased. This was because new start-ups, which tend to be small firms, would not have a pre-move employment figure, only a post-move one. The number of employees per firm at the time of the survey had increased threefold from the pre-move average, partly as a result of the large numbers employed by the four big new branches, but also reflecting expansions that had resulted or been facilitated by relocating (this is explored further in Chapter 6).

The results suggest that some rationalisation may have occurred between pre and post-move phases, but that expansion is the dominant trend in the long term. Over half of all the firms responding predicted that they would increase the number of employees, with only 2% of firms predicting a decrease. The results accord with a questionnaire survey by NOP, and conducted by research agency Abacus for the

Estates Gazette (1997), which asked 100 industrial and distribution firms in the North East whether they were considering occupying more or less space over the next 12 months. 38% indicated that they intended to occupy more space, most (60%) were not contemplating either and only 2% thought they would occupy less space.

5.6 Tenure

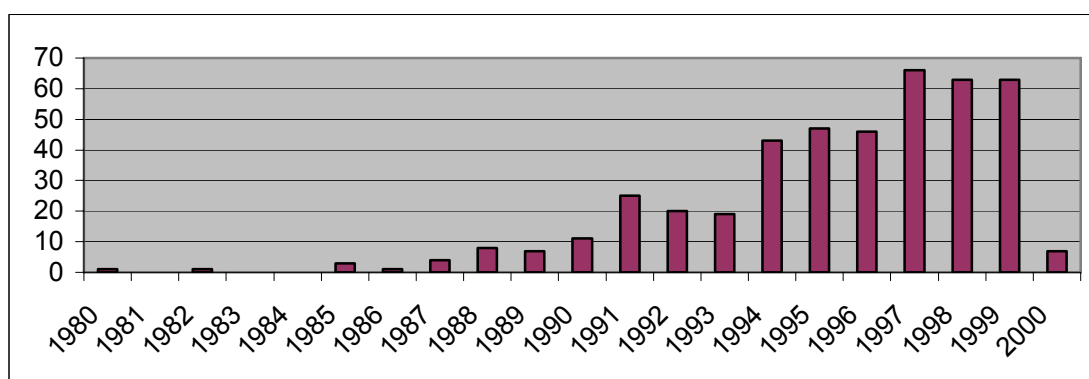
The survey revealed that 74% of the office and industrial occupiers are tenants with leases, 10% own their own premises, predominantly on EZs due to the availability of capital allowances, and 15% are licensees. The latter are almost exclusively occupiers of developments providing incubator or nursery units, which are prone to a higher turnover of occupiers because of the easy-in easy-out (licence) terms that they offer. The results are broadly similar to PACEC's (1987) recording of EZ occupier tenure, which reported 73% tenants and 27% owner occupiers, although there was no acknowledgment of the use of licence agreements.

5.7 Date of Move and Origin

There appears to be a correlation between the number of moves and the coming on-stream of developments. Figure 5.7 shows a peak of occupier movements in 1997, when the North East economy had recovered from the recession of the early nineties, and a virtual absence of moves during the recession of the early to mid-eighties.

The increase in activity in the mid to late nineties partly reflects the medium to long-term view taken by occupiers when relocating (see Chapters 6 and 7) and their optimism about the future performance of the economy in the latter half of the decade. It was also a result of favourable property market conditions for occupiers, when it was still a 'tenant's market' and occupiers could negotiate attractive rental and lease terms, or purchase prices. A third variable is the availability of property to move into, some of which was the supply of new accommodation coming on to the market as a result of property-led regeneration policies that had been pursued from the mid eighties. Private sector developers needed to complete schemes before EZ status expired (Tyneside in 1992 and Sunderland in 2000), meanwhile major projects promoted by TWDC were finally coming to fruition.

Figure 5.7 Date of Moves to Developments (1980 to 2000)



N.B. the profile illustrated above was compiled from questionnaire and telephone survey data the cut-off for which was early 2000, therefore the data for the last year is incomplete.

To gather preliminary information for the chaining exercise, relocating occupiers (transfers and branch relocations) were asked to provide the address of their old premises. What was immediately apparent was the number of occupiers that had relocated from Washington New Town, and the author named this 'the Washington effect'.

'Washington New Town had its own development corporation between 1974 and 1979, when it produced 39% of all public sector floorspace in Tyne and Wear, which led to a major spatial concentration of new floorspace on the periphery of the (Tyne and Wear) County.'

(Barrett S. et al. 1985 p51)

EP had previously commissioned a study by Sanderson Townend and Gilbert (1992c) into the implications for industrial development in Washington due to the designating of EZs in nearby Sunderland (see Chapter 3). Sanderson Townend and Gilbert concluded that the EZs would have a significant effect on the industrial property market in Tyne and Wear throughout the 1990's, and that Washington could not compete with the advantages offered by them (Sanderson Townend and Gilbert 1992c). It is also worth noting that Washington's industrial property was sold to London and Edinburgh Trust, which latterly ran in to problems as they were investing in Sunderland EZ.

The reason why Washington was haemorrhaging occupiers was because the 'new' town was not so new any more, and leases granted 21 or 25 years previously were expiring, allowing occupiers to relocate to more modern premises, unavailable in Washington at the time. Security was also noticeable as a factor influencing moves. On further investigation, English Partnerships confirmed that they were aware of

Washington's problems, although they did not have any hard evidence of the observed trend, and that they were planning to address some of Washington's more acute failings.

5.8 Predicted Stay

Half of all firms responding to the survey planned to remain in their premises for the long term (more than 10 years), over a quarter planned to remain between 3 and 10 years and just over a fifth intended to stay for less than three years.

Mazzarol et al (2003) reported that 24%, of the 450 firms captured by their survey, indicated that they were likely to relocate within the next three years. This compares with a survey of SMEs, carried out by ERS (1998) to inform EPs' (1998) 'Raising the Temperature' report, that reported that a third of SMEs had moved in the last three years, and a quarter planned to move in the next three years, confirming the turn-over and foot-loose nature of small firms.

Table 5.8 uses the size of premises as a proxy for size of occupier. As the size of premises/occupier increases so does the duration that they intend to remain in them, and vice versa. Only one of 25 firms occupying premises greater than 50,000 sq ft intended to remain less than ten years which is probably because occupiers of such units will have long leases due to the high costs that will have been invested in the premises. Over one in three occupiers of small premises intended to stay no more than three years.

Table 5.8 Length of Stay by Size of Premises

Size	Short	Medium	Long	Total
< 500 sq ft	42%	27.5%	30.5%	100%
501-2000 sq ft	24%	41.5%	29.5%	100%
2001-10,000 sq ft	19.5%	34%	46.5%	100%
10,001-20,000 sq ft	6%	25%	64.5%	100%
20,0001-50,000 sq ft	1%	34%	63%	100%
50,001> sq ft	0	4%	96%	100%

5.9 Factors Influencing Choice of Location and Reason for Moving

Occupiers were asked to rank the top five factors, from a list of 13, that were the main influences on their decision to move to new premises. If the list did not

adequately cover their circumstances, they were able to describe and rank the 'other' factor that influenced their choice of premises.

The results were analysed in two straightforward ways, firstly by awarding the first choices a score of five, down to a score of one for the fifth choice. A ranking by aggregate score was produced, to identify the most significant factors influencing occupiers' decisions to move to new premises (top 7 coloured blue in Table 5.9). The second rank was generated by calculating the mean score for each factor, to reveal the relative strength rather than frequency of response for each factor to those that identified it as being of influence (top 7 coloured pink in Table 5.9). Reasons for moving, namely expansion and rationalisation (coloured green), are included in the ranking but do not represent a factor affecting choice of premises. Although the composition of the top seven factors was the same for both rankings, the order is not and comparison of the two reveals some interesting differences.

From the questionnaire and telephone surveys, the factors most commonly influencing occupier's choice of premises were 'other' specific factors, discussed at greater length below, better location, quality of accommodation, value for money and transport connections. Of secondary influence were improved security, assistance offered, availability of car parking, better facilities and improved environment. Of least influence were proximity to workforce and telecommunications.

Table 5.9 – Ranking of Factors Influencing Move to New Premises

Reason	1 st choice	2 nd choice	3 rd choice	4 th choice	5 th choice	Total	Aggregate Score	Mean Score	Mean Rank
Other	104	58	26	5	0	193	840	4.35	2
Better Location	104	53	22	11	7	197	827	4.19	4
Quality	35	63	38	15	5	156	576	3.69	6
Expansion	56	21	3	2	4	86	381	4.43	1
Value for money	27	34	20	9	7	97	356	3.67	7
Transport	21	29	22	8	4	84	307	3.65	8
Improved Security	21	24	10	10	2	67	253	3.78	5
Assistance offered	26	14	6	5	0	51	214	4.20	3
Better facilities	6	15	17	11	11	60	174	2.90	12
Car parking	0	11	25	20	10	66	169	3.01	11
Environment	6	13	17	10	12	58	165	2.84	13
Workforce	4	12	12	2	6	36	114	3.17	10
Rationalisation	7	6	6	4	2	25	87	3.48	9
Telecomms	0	1	0	2	2	5	10	2.00	14
Total Number of Respondents	417	354	224	114	72	1181	1578		
Reason for moving									

The ranking by mean score (top 7 coloured pink in Table 5.9) suggests that occupiers 'other' factors, assistance, location, security, quality, value for money and transport, are more important to occupiers. For example, occupiers that received financial assistance, or for whom security was important, ranked these factors more highly than environment, car parking or facilities.

Scrutiny of the 'other' factors reveals the breadth of unique and personal reasons why an occupier may choose particular premises over another. The most common 'other' factors specified by occupiers included, obligation to vacate their old premises, special relationships they have with a parent company or partner, the opportunity to cluster, proximity to clients, the availability of accommodation, the image or prestige of premises, the flexibility of terms/tenure, the availability of expansion land, the size or layout of the premises or ease of access to them. Perhaps the most surprising reasons given were proximity to the managing director's home and the aspect or view from the premises. Sub-optimal decisions made for apparently idiosyncratic reasons, do not conform to the rational decision-making model (see Chapter 2), but are nonetheless influential. This theme is explored further in Chapter 7.

The results of the analysis partially accord with agents' perception that a quality product, providing plentiful car parking, in a good location with an attractive environment and high internal and external design quality, is what occupiers are looking for. Sanderson, Townend and Gilbert (1992c) observed that the availability of quality space, along with financial incentives, can outweigh the importance of location in some cases. Doxford Park for instance, is situated on the edge of Sunderland in a non-traditional office location but the speculative scheme, supported by EZ benefits, offered space that was not readily available elsewhere in the region. However occupiers do need to be re-assured that such a development will be successful and to do this there needs to be a 'critical mass' of occupiers. Some of the first occupiers may need to be offered inducements and the first phase of a scheme may have to be developed speculatively so potential occupiers can see what is on offer (Llewelyn Davies 1998).

The DoE (1995a) research of EZ occupiers revealed that rates relief (a proxy for value for money) was the most important factor influencing relocation, followed by the old premises being the wrong size (a proxy for expansion), the old premises being inefficient (a proxy for quality), an attractive environment, capital allowances, the

availability of land and an opportunity to rationalise operations. For new start-ups, rates relief, capital allowances, availability of premises, available labour force, attractive environment and availability of enterprise assistance were the most important factors influencing a decision to locate. For branches and relocations the most important factors were related to premises and an attractive environment and the availability of land for purchase. In many cases the decision to relocate was based on a rationalisation of activities. The DoE also estimated that about 48% of employment would have existed on EZs or in the local area even in the absence of the EZ subsidies (Department of the Environment 1995a).

Most respondents to the questionnaire and telephone survey did not identify public sector assistance as being an influence on their choice of premises, despite the fact that half the developments benefited from EZ status that gave occupiers a rates holiday for the life of the zone. However, when public sector assistance was identified as an influencing factor, it was ranked highly, with more than two thirds of respondents who did rank it, listing it as the first or second most important factor. The corollary of this is that there is deadweight or ineffective use of subsidies but, for a few firms, the availability of assistance was very important.

It should be recognised that much public sector assistance is directed at property developers, investors and owners, rather than tenants. The provision of new accommodation, generated by supply side interventions, is not always acknowledged by property occupiers, although EZ firms consistently ranked the increase in the number of premises as the most important output of designation (Department of the Environment 1995a).

The results can be compared with those of a survey of SMEs carried out by ERS for EPs 'Raising the temperature' Report (1998), in which they asked respondents to identify the factors that influenced their choice of location and which site specific factors influenced their choice of premises. They also asked the SMEs to determine whether these factors were critical, very important or quite important. The results were as follows:

'Access to roads was the locational determinant most frequently identified by businesses, with over 40% of respondents considering it to be a determining factor, the proportion of which increased with the size of establishment. In contrast the next most commonly identified determinant,

access to customers, was more frequently identified by establishments employing less than 20 people.

The relative cost of premises was found to be a determining factor in the choice of 40% of respondents and incentives for 11%. The fact that the size of premises met their floorspace requirements was cited by 54% of respondents. 18% considered car parking to be very important and 16% considered external appearance and image to be a factor. Security, or the lack of it, came surprisingly low as a factor in the survey, as did the flexibility of leases, conflicting with the anecdotal evidence of economic development practitioners. Other significant factors were proximity to home address of the business owner and perceived patterns of crime.'

The factors most frequently considered important in relation to the choice of premises were their location, size, relative cost and the provision of car parking. SMEs showed an inclination towards traditional office accommodation that satisfied operational requirements at lower rents.'

(Economic Research Services 1998 Section 4)

Although the questionnaire survey did not separate the reason for moving from factors affecting the ultimate location and choice of the premises that an occupier will move to, it is possible to disaggregate this data to make the distinction. An occupier's reason for moving is usually driven by a need to either expand or rationalise/contract/down-size, but is sometimes due to lease expiry, an obligation on the occupier to vacate or because of property obsolescence. Valente et al's (1982) survey of industrial occupiers recorded that 55% of firms relocated to facilitate expansion, 17% to facilitate rationalisation or contraction and the remaining 28% relocated for other reasons. Fothergill et al (1987) recognised that for all firms there is an important distinction between relocation to facilitate expansion and relocation to improve efficiency, which may involve rationalisation. The survey recorded that the need to move to facilitate expansion was nearly four times as prevalent as the need to achieve rationalisation.

The distinction described above was observed in the interview phase of the research (see Chapter 7) when interviewees were asked to regard their decision to relocate in two phases, firstly the recognition of the need to move and secondly, the process of identifying and selecting premises that satisfied their requirements. The wide ranging factors that affect an occupier's selection of premises vary, depending on their particular characteristics, circumstances and preferences, and are investigated in some detail below.

5.10 Alternative Option

When occupiers were asked what they would have done in the absence of new development, over four-fifths responded that they would have stayed in the local area, less than 10% would have gone outside the area and less than 6% would have stayed in their old premises. Only two occupiers claimed that they would not have started-up had the premises not been available.

This compares with DoE research that recorded that, weighted by employment, 40% of firms thought they would have located outside the local area, about 6% would have delayed or cancelled start-up and 4% would have been smaller (Department of the Environment 1995a). Presumably the remaining 50% would have stayed in the local area. The table below illustrates that EZ designation made little if any difference to most firms in terms of their start-up or destination.

Table 5.10a - What Difference Would the Absence of the EZ Have Made?

	All	Urban
<i>No effect</i>	16%	14%
<i>Located elsewhere in the local area</i>	47%	57%
<i>Started up later or smaller on the same site</i>	9%	9%
<i>Not started up</i>	3%	3%
<i>Location more than 10 miles away</i>	25%	16%

(Department of the Environment 1995a)

The DoE cross-tabulated the response to the 'what if' question, by occupier status and business sector, in an attempt to capture additionality generated by the EZs. The first two rows of Tables 5.10b and 5.10c represent wholly additional activity, the next two partly additional activity and the last two, non-additional activity. They confirm that most of the activity in the EZs generated no additionality and that additionality was greatest amongst manufacturing firms.

Table 5.10b Alternative Option by Occupier Status

	Start-ups %	Transfers/branches %	Pre-designation %
<i>located outside local area</i>	24	27	21
<i>cancelled start</i>	8	2	1
<i>reduced size</i>	5	4	4
<i>delayed start</i>	10	4	0
<i>gone elsewhere in local area</i>	44	54	48
<i>no effect</i>	8	10	26

N.B. columns may not total 100 due to rounding. (Department of the Environment 1995a)

Table 5.10c Alternative Option Without EZ Designation by Sector

	<i>Manufacture %</i>	<i>Construction %</i>	<i>Distribution %</i>	<i>Retail %</i>	<i>Other %</i>
<i>located outside local area</i>	32	21	21	16	22
<i>cancelled start</i>	2	5	1	8	6
<i>reduced size</i>	6	8	2	4	4
<i>delayed start</i>	5	8	5	6	6
<i>gone elsewhere in local area</i>	48	50	57	59	49
<i>no effect</i>	8	8	14	8	13

N.B. columns may not total 100 due to rounding. (Department of the Environment 1995a)

Table 5.10d shows a similar analysis generated from the subject research. There is little variation between the occupiers of different status. The first two rows represent wholly additional activity, which is minimal (only 40 occupiers). The vast majority of occupiers (84%) indicated that, in the absence of the premises being available, they would have remained in the 'local' area. Of note is that more than one in seven new branches would have located somewhere else, rather than move to the conurbation, and that one in nine branches would have stayed in their old premises had they not been able to relocate.

Table 5.10d Alternative Option by Status

	Transfer	Branch Relocation	New Branch	New Start-up
Gone elsewhere	9%	5.5%	13.5%	9.5%
Not started up	0	0	0	1%
Stayed locally	84.5%	82%	81%	90.5%
Stayed in old premises	5%	11.5%	5%	1%
Other	1.5%	1%	1%	0

ERS (1998) reported that three quarters of businesses found that when they wanted to move there were alternative premises available, for the remaining quarter there were no alternatives. The survey also asked businesses what the effect on their business would have been if the premises they had chosen had not been available. 84% of respondents stated that they would have stayed in their previous premises, built their own or occupied other premises in the locality and 12% would have moved to another area.

5.11 Assistance and Investment in New Premises

The most common form of public sector assistance received was EZ rates relief, which is not surprising given that over half the developments had EZ status and the assistance is indiscriminate, benefiting all occupiers. The next most common form of

assistance was EZ capital allowances, which benefited mainly owner-occupiers, and Regional Selective Assistance from the DTI for business expansion that led to the creation of new jobs. There is some evidence of firms, particularly owner occupiers, receiving multiple assistance, which can lead to double counting of outputs by the different regimes. DoE monitoring revealed that one third of EZ firms had received other forms of public sector assistance, in addition to EZ measures, the most important of these being regional assistance in the form of Regional Development Grants & Regional Selective Financial Assistance (Department of the Environment 1995a).

A study by Cameron et al (1985), of the supply of new industrial premises by public and private agencies in Tyne and Wear between 1974 and 1979, recorded that 187 advance factories were constructed, while 149 firms were assisted by loans and grants. Local authority assistance was concerned in most cases with firms moving to new premises, either as new firms or as established firms moving from other premises. Of the 156 firms interviewed, only 20 had not moved. Thus the intervention of the local authority by means of these new economic development initiatives was mostly relevant to the particular circumstances of firms seeking premises, whether to establish a new firm or branch or relocate an existing one.

A questionnaire survey devised by NOP, and conducted by research agency Abacus for the Estates Gazette (1997), asked 100 industrial and distribution firms in the North East whether their company had taken advantage of any grants in the last 5 years? A high proportion (43%) responded that they had, the most common of which was RSA and training grants, the remaining 57% had not.

The survey recorded a diverse recognition amongst occupiers of the availability and significance of public sector assistance. Some were highly attuned to the value of tax breaks and grants, indeed a small number indicated that their ultimate choice of premises was determined by the incidence of these. However, many occupiers appeared ignorant of what types of assistance were potentially available to them or that fact they were in receiving assistance at all. This issue is explored in greater depth in the interviews (see Chapter 7).

There is a tension between Government and public agencies wanting occupiers/employers to respond to assistance (otherwise what is the point of providing it?) but not wanting firms to simply move in order to secure the financial

incentives that are available. This was a particular problem of EZs where boundary hopping was rife (see Chapter 2). The research has not only been able to record what assistance occupiers have received, but has also been able to identify firms that have relocated (see Chapter 6), sometimes more than once, to secure financial incentives, but have generated little if any additionality. The in-depth interviews explored how occupiers responded to the availability of assistance and incentives, what influence this has had on their decision making and how it has affected the final outcome (see Chapter 7).

5.12 Cross Tabulation of Data

A deeper analysis of the influence and performance of property-led regeneration schemes is possible by cross-tabulating the data to reveal relationships and trends between two data sets. It should be noted that the figures calculated for categories that rely on only a few respondents may not be reliable. This is one of the disadvantages of cross-tab queries as the sample is fragmented by two sets of categories, producing small numbers for some combinations, for example a development with few occupiers or a narrow business activity. This is also the reason why a cross-tabulation between nature of business and development was not attempted because most categories would be sparsely populated.

5.12.1 Status of Occupier by Nature of Business

The significance of this query is that the contribution of a development to the regeneration of an urban area can be ascertained, in part, by the amount of new employment and economic activity generated by it. In terms of property-led regeneration this is manifested in the occupation of new or refurbished property by new businesses, and inward investment from abroad or from outside the region. However, concerns exist that a significant proportion of the occupiers attracted to public sector assisted developments are relocations from within the urban area, often from within a few miles radius of the scheme. Relocations are classified as transfers or branch relocations, which may involve some additionality in the case of expansions, but are contrasted with the 100% net new activity generated by new start-ups and new branches.

Figure 5.12.1 and Table 5.12.1 illustrate that some sectors of industry and commerce in Tyne and Wear generated more new activity, in the form of new start-ups and

branches, than others. For example, over half of all occupiers engaged in wholesaling, transport and distribution, manufacturing, travel and tourism, research and development, retail and other activities, were either new start-ups or new branches. In contrast, more than two thirds of all occupiers engaged in insurance/assurance/pension, engineering, food and catering, professional services and media and related activities, were transfers or branch relocations. This would suggest that the latter sectors may generate little net new activity, other than by way of expansions, and that relocations have been driven by a need to rationalise or achieve efficiency gains. The corollary of this is that public agencies, seeking to attract new branches or to promote new business start-ups, may be advised to target particular business sectors that are likely to respond most positively to the provision of new office and industrial accommodation. What is not clear is whether these sectors vary over time, depending on local, national and global economic trends.

Figure 5.12.1 Nature of Business by Status of Occupier

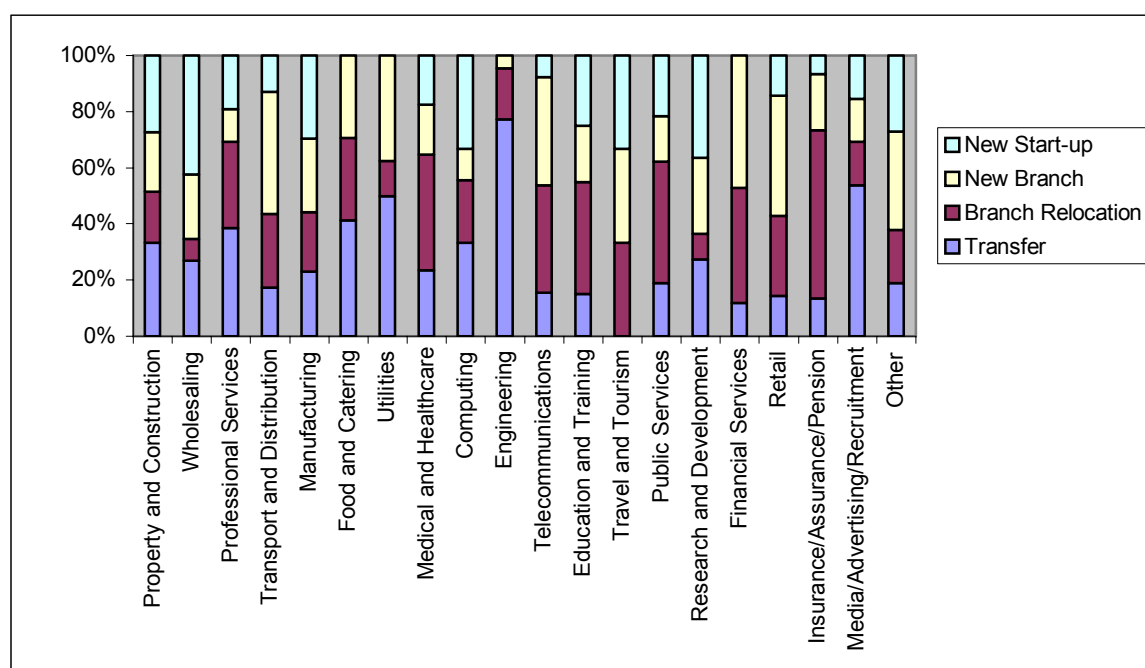


Table 5.12.1 Profile of Business Sectors by Propensity to Relocate

High	Medium	Low
Food and catering	Education and training	Wholesaling
Professional services	Financial Services	Manufacturing
Insurance/assurance/pension	Property & construction	Transport & distribution
Engineering	Telecommunications	Research & dev't
Media etc	Computing	Travel & tourism
	Public services	Retailing
	Utilities	Other
	Medical/healthcare	

5.12.2 Status of Occupier by Development

This query is interesting because it identifies the developments in Tyne and Wear that have generated, or been the destination for the most new activity, in the form of new start-ups and branches. It also identifies which developments have attracted the least new activity, or put another way, the most transfers and branch relocations. The latter developments will have generated the most chains and are therefore of most significance for the chaining exercise (see Chapter 6). This cross-tabulation is therefore able to offer a geographical representation of the status of office and industrial occupiers in Tyne and Wear by the location of the developments.

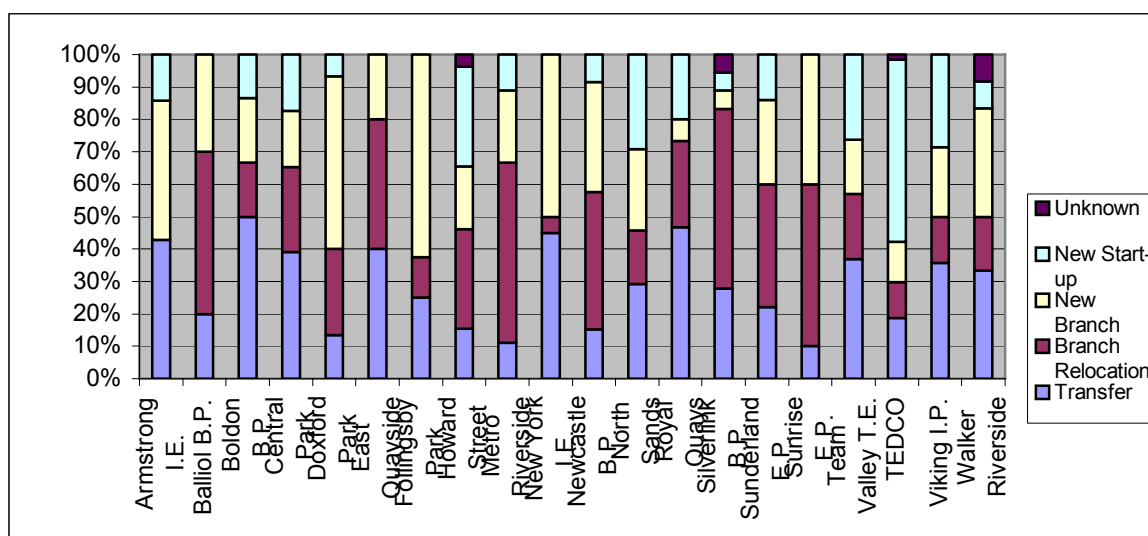
Figure 5.12.2 and Table 5.12.2 illustrate the relative performance of the developments. The total population of some developments is small, but the results have been included because the results are still useful. For example, seven of the ten occupiers on Balliol Business Park were either transfers or branch relocations from Newcastle. Other developments where relocations account for more than 60% of occupiers were Boldon, Central Park, East Quayside, Metro Riverside, Royal Quays and Silverlink. At first glance it would appear that these developments, assisted by the public sector as they are, have had a degenerative impact on the conurbation by encouraging relocations. However, further investigation of the impact of these developments, through the telephone survey and chaining exercise, have revealed that some have generated significant additionality by way of expansions though property market filtering and by generating market excitation. This is an impact of property-led regeneration initiatives that is too often ignored by traditional performance evaluations

Pratt (1994) reported a similar scale of relocation in a survey of firms located on industrial estates in 1984, where 31% were new firms, 15% branch plants and 54% relocating firms. Significantly, amongst those firms relocating, the median distance was just 3km (see Section 6.7).

The developments generating the most new activity (greater than 50%), listed in the third column of Table 5.12.2, predictably include all three incubator schemes (Howard St, N. Sands, TEDCO). Doxford and Follingsby Parks have attracted significant numbers of new branches to the region, the former by offering one of the most competitive relocation packages in Europe and the latter by providing modern

warehousing facilities with excellent road connections. Armstrong I.E. is peculiar because the unexceptional industrial estate has attracted new branches and start-ups and no branch relocations. The concentration of new start-ups may be because it offers relatively small industrial units of around 2000 sq ft GIA, but there is no obvious explanation for the absence of branch relocations. The remaining developments have a more balanced profile with relocations slightly outweighing new start-ups or branches.

Figure 5.12.2 Development by Occupier Status



Balliol, East Quayside, Metro, Silverlink and Sunrise generated only two new start-ups between them, and attracted few new branches to the region. This is partly because the developments offered large, expensive buildings that have, with the exception of East Quayside, been developed to secure tax allowances for private sector investors. Some additionality will have been created by allowing relocating occupiers to expand or become more efficient and competitive (see Chapter 7) but it is not unreasonable to question what net benefits some of these developments have brought to the region in terms of genuinely new enterprise or inward investment.

Table 5.12.2 Profile of Developments by Propensity to Relocate

High	Medium	Low
Balliol B.P.	Newcastle B.P.	Armstrong
Boldon B.P.	New York I.E.	Doxford Park
Central Park	Sunderland E.P.	Follingsby Park
East Quayside	Sunrise E.P.	Howard Street
Metro Riverside	Team Valley T.E.	North Sands
Royal Quays	Viking	TEDCO
Silverlink B.P.	Walker	

5.13 Chapter Summary

The chapter has presented an analysis of the data captured by the questionnaire and telephone surveys, shedding light on some important areas of the research. The surveys gathered a large quantity of data from a total population of property occupiers, which constitutes one of the most comprehensive surveys of its kind. Some of the preliminary findings are rudimentary, but are validated by the results reported by other research projects. Significantly, the analysis of the data collected by the questionnaire and telephone surveys partially answers two of the key questions posed by the researcher (questions 3 and 4) and contributes to the further pursuit of both main strands of the research (see Figure 1.1) in the latter phases of primary research.

Analysis of data gathered by the telephone and questionnaire surveys revealed that just over half of the office and industrial occupiers on the 20 developments had relocated from within Tyne and Wear, indicating a high level of initial displacement. Approximately half the occupiers had ten or fewer employees, only 10% of them were owner occupiers, and in the absence of their new property being available four fifths would have remained in the local area. Cross tabulation of data permitted identification the types of business more likely to relocate and the developments most likely to accommodate such relocations.

Critically, the surveys achieved the comprehensive identification of the status of the occupiers of the twenty office and industrial developments, which permitted the thorough and exhaustive pursuit of property occupier chains, the results of which are reported in the next chapter.

Finally, the preliminary findings, derived from the extensive surveys, were triangulated with data generated from the third phase of the research, to verify and elaborate some of the more complex, qualitative material, generated by the occupier interviews (see Chapter 7). This synthesis of material contributed to the formulation of robust findings validated by two independent data sets (see Chapter 8).

CHAPTER 6 - CHAINING SURVEY AND MAPPING OF OCCUPIER DISPLACEMENT AND CHAIN-ENDS

6.1 Introduction

This chapter presents analysis of data captured by the chaining survey to reveal the scale and spatial distribution of the displacement of office and industrial occupiers in Tyne and Wear. It represents one of the two main strands of the research, delivers results to fulfil the two threads that flow from it (see Figure 1.1) and achieves the first two objectives of the research. The chaining survey provides the crucial link between the first and third phases of research and is one of the largest of its kind to be carried out on a non-residential market in the U.K. to date.

6.2 Employment Generation and Displacement

Data was collected on the number of employees working at premises on the twenty developments and relocating firms and organisations were asked how many people they employed at their old premises. Although not all employees will have stayed with firms when they relocated, the employment data does permit crude estimation of the net number of new jobs created by the expansion of occupiers when they moved to new premises. Of the 510 firms surveyed, 32 were unable to provide data and 60 recorded no change in the number of employees. Of the remaining firms, only 27 had fewer employees after the move but more than three quarters (391) had increased their workforce either on moving or after having moved (see Figure 6.2).

It should be noted that no distinction was made between part time and full time jobs. Recipients of the questionnaire survey were asked to quantify the number of full and part time jobs, but in order to keep the telephone survey concise, interviewees were only asked to identify how many employees they had before and after the move, regardless of their conditions of employment. However, from the questionnaire returns it is apparent that most (approximately 90%) of the jobs recorded were full time, therefore the analysis presented below gives a reasonably accurate indication of employment displacement and creation. DoE (1993a) estimated that a part time job equated to 42% of a full time job, so even if there was one part time job for every nine full time ones, the error created by assuming that all the jobs were full time would only be just over 5%.

Figure 6.2 Employment change by occupier

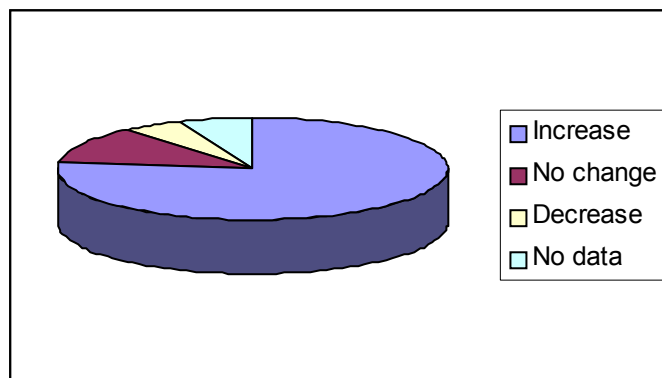


Table 6.2a – Number of jobs created and relocated

Origin of jobs	Number of jobs	% of new jobs	% of all jobs
Jobs created by expansion	5,370	37.5	
Jobs created by new firms	8,950	62.5	
Total new jobs created	14,320		53.5
Relocated jobs	12,446		46.5
Total of all jobs	26,766	100	100

Nearly half (46.5%) of all jobs located on the office and industrial developments had been displaced from elsewhere in the conurbation (see Table 6.2a) but over half of all employment is new. Two in every three new jobs were generated by new firms, and one in three by the expansion of existing firms relocating within the urban area.

By studying job creation by development it was apparent that some locations generated many *new* jobs, up to 80% of employment in some cases, whereas other developments created relatively few (see Table 6.2b). Predictably, developments providing starter/nursery units recorded a high percentage of new jobs, although the nominal figures were low. It was observed that both industrial and office developments accommodated high numbers of new jobs. Generally developments that have attracted new branches from outside the conurbation, such as Doxford Park, generated the highest numbers of new jobs, whereas developments that caused local displacement, such as Newcastle's East Quayside, generated fewer. The last column in Table 6.2b is a ratio of the percentage of new jobs to the average. If the ratio is greater than 1 then the development has generated an above average number of new jobs, if the ratio is below 1 then the development has created fewer new jobs than the average.

Robinson et al (1993) explored the validity of TWDC's job creation claim that NBP had created 4000 job opportunities. In fact 4000 jobs were 'expected to be located' at the business park if the companies achieved their predicted growth; the actual number of jobs on the site was significantly less than this. They estimated that about 2500 people were working at NBP by 1992, compared to TWDC's estimate of 3,143, but questioned how many of these jobs were actually new.

To investigate this matter further, they conducted a telephone survey of the companies on the business park in August 1992, asking them how many employees they had and where they had been previously located. Of the 17 organisations contacted, employing 2,447 people, eleven firms, employing 759 people, had relocated from elsewhere in Tyne and Wear or from other parts of the region. Only 694 of the jobs were actually new, although some of these had involved the transfer of personnel from other parts of the country. For example, consulting engineers Merz and McLellan moved from Killingworth, while Bowey Construction relocated from Gosforth and AA Centrica, the largest employer on NBP at the time, moved 1,100 staff from offices in Newcastle City centre, 'creating' around 100 new jobs. (Robinson et al. 1993).

Table 6.2b – New Jobs Created by Development

Development	Jobs relocated	New Jobs	Total Jobs	New as % of total	Ratio of % new to average %
Armstrong I.E.	54	106	160	66	1.22
Balliol B.P.	311	363	674	54	1.00
Boldon B.P.	317	1021	1,338	76	1.42
Central Park	355	392	747	52	0.97
Doxford Park	1,015	3402	4,417	77	1.44
East Quayside	1,355	220	1,575	14	0.26
Follingsby Park	111	511	622	82	1.53
Howard Street	137	181	318	57	1.07
Metro Riverside	428	36	464	8	0.15
New York I.E.	1,004	402	1,406	29	0.54
Newcastle B.P.	3,032	2367	5,399	44	0.82
North Sands	43	110	153	72	1.35
Royal Quays	472	263	735	36	0.67
Silverlink B.P.	1,022	1901	2,923	65	1.21
Sunderland E.P.	950	654	1,604	41	0.75
Sunrise E.P.	126	239	365	65	1.21
TVTE	1,289	1351	2,640	51	0.95
TEDCO	48	157	205	77	1.44
Viking I.P.	207	229	436	53	0.99
Walker	170	415	585	71	1.33
Total	12,446	14,320	26,766		
Average				53.5	1.00

TWDC maintained that the AA might have left Newcastle altogether if the possibility of moving to NBP had not been available, but an interview with a senior manager who was involved in the decision at the time (see Chapter 7), revealed that the AA had no intention of moving far away because of their workforce, and that their position was just a 'bluff to get the best deal they could'. Robinson et al (1993) acknowledged that the inclusion or exclusion of the 1100 'safeguarded and retained jobs' makes a big difference to how the business park is judged in terms of its contribution to job creation. For the purposes of this research the AA jobs are classified as 'relocated'.

Some occupiers have continued to expand after the survey was completed, equally others may have shed staff. To counter this issue, occupiers were asked not just how many employees they had at the survey date, but also at the time of the original move to the new premises. The data collected indicated a strong trend of planned employment expansion, often taking place years after the original move.

Interpreted in conjunction with the data presented above, it appears that many occupiers had ambitions to grow but were unable to expand their operations at their old premises; only by moving to new premises were they able to realise their ambitions and employ more staff. This suggests that the supply and availability of modern office and industrial premises, in the right place at the right time, is crucial to allow existing employers to move to facilitate expansion. This premise was investigated further in the interview phase.

6.3 Displacement

Columns 3 to 6 of Table 6.3 (coloured turquoise) indicate how the chains, generated by a particular development, end (see Figure 2.3f for illustration of how chain-ends arise). The developments themselves cannot determine the outcome of the chains, but if the chains are only one link in length, then the origin of occupiers attracted to a new development may be determined, in part, by its proximity to existing office and industrial accommodation that may be vulnerable to competition e.g. East Quayside versus Grainger Town. This is a potential conflict that regeneration agencies should be conscious of, particularly, as the study has revealed how parochial many businesses are when considering where to relocate.

Some developments caused high levels of occupier displacement from elsewhere in the metropolitan area, whilst others had relatively little impact. This is shown in Column 2 of Table 6.3 (coloured pink). Developments such as Balliol, East Quayside, Metro Riverside, Royal Quays and Silverlink, generated in excess of six chains for every ten occupiers, whereas developments providing starter units such as TEDCO and North Sands generated less than four chains per ten occupiers. Doxford and Follingsby Parks produced similar low figures because they were the destination of new branches originating from outside the region. The remaining developments generated between four and six chains for every ten occupiers.

Table 6.3 – Profile of Developments by Chain Generation and Outcome

1	2	3	4	5	6	7	8	9	10			
Development Name	% of occupiers relocating	Chains ending in occupied property	Chains ending in vacant property	Chains ending in change of use	Unknown	Occupied chain ends as a % of all	Vacant chain ends as % of all	Average length of move (km)	Chain length by number of links			
									1 link	2 links	3 links	4 links
Armstrong I.E.	43	3	2	1	0	50.0	33.3	3.1	5	0	1	0
Balliol B.P.	77	6	2	0	0	75.0	25.0	3.5	5	3	0	0
Boldon B.P.	58	10	14	1	0	40.0	56.0	6.2	17	7	1	0
Central Park	52	10	6	1	0	58.8	35.3	1.8	9	7	1	0
Doxford Park	39	15	5	0	0	71.4	23.8	5.3	13	7	1	0
East Quayside	80	7	10	4	0	33.3	47.6	1.2	14	6	1	0
Follingsby Park	38	3	0	0	0	100.0	0.0	2.5	3	0	0	0
Howard Street	42	8	3	2	0	57.1	21.4	2.5	12	2	0	0
Metro Riverside	67	8	6	1	0	53.3	40.0	5.2	9	3	1	2
New York I.P.	50	8	5	3	0	50.0	31.3	6.4	8	6	1	1
Newcastle B.P.	53	25	11	13	0	51.0	22.4	4.5	22	18	9	0
North Sands	33	8	3	0	0	66.7	25.0	6.3	10	2	0	0
Royal Quays	73	9	9	0	0	50.0	50.0	6.9	14	2	2	0
Silverlink B.P.	74	8	10	1	0	42.1	52.6	6.6	10	6	2	1
Sunderland E.P.	53	26	18	2	0	56.5	39.1	6.0	27	11	6	2
Sunrise E.P.	40	2	3	0	0	40.0	60.0	10.5	1	3	1	0
T.V.T.E.	51	23	9	7	3	52.3	20.5	4.8	29	12	3	0
TEDCO	28	14	4	0	0	77.8	22.2	4.7	16	2	0	0
Viking I.E.	56	4	6	2	1	30.8	46.2	4.4	8	4	1	0
Walker R.	50	1	4	0	1	16.7	66.7	4.9	5	1	0	0
Total or average	53	198	130	38	5	53.6	35.9	4.9	237	102	31	6

Column 7 of Table 6.3 (coloured pale green) shows that 54% of the 376 chain-ends were classified as being in occupation. It is encouraging to note that more than half of all chain-end properties were reoccupied, through the operation of the filtering system, by new firms or expansions of neighbouring firms. Space freed up as a

result of one occupier relocating can therefore create a positive opportunity for others that are looking for accommodation in an area.

However, Column 8 of Table 6.3 (coloured pale yellow) reveals that 36% of chains ends resulted in vacant property elsewhere in the conurbation, the remainder were change of use or redevelopment. This is a much higher level of displacement than recorded by the CUPS study (DETR 1998) and should be a cause for concern for Government agencies and local authorities. The distribution of this vacant property was not uniform, but tended to be clustered in areas, already stigmatised and in decline, that were not robust enough to absorb vacant office and industrial space (see Section 6.9).

Much higher levels of displacement and vacancy were recorded in Tyne and Wear than were reported by the CUPS chaining exercises in Leeds, Bristol and Manchester where:

- *over half the firms were new businesses or new branches and only 13% of firms had moved to the UDA from elsewhere in Leeds;*
 - *over 75% of the chains represented additionality and only 5% of the chains resulted in premises being left vacant elsewhere in Bristol;*
 - *only 7 of 41 new firms were relocations that resulted in vacancy elsewhere in the Manchester metropolitan area.*
- (Department of the Environment Transport and the Regions 1998a p137)

The discrepancy between the significant levels of vacancy recorded by the subject study and the modest levels of vacancy reported by CUPS, may be due in part to differences in the application of the chaining methodology. In addition, the larger survey area, and inclusion of a greater number of policy tools, has generated more chain starts and thus the potential for chain ends that result in vacant property within the conurbation.

The two sets of results may not in fact be that different because the subject research recorded that 51.6% of occupiers are relocations and that 36% of the chains that they are responsible for, resulted in vacant property. The net rate of vacancy by occupier is therefore around 19% (0.516×0.36), which is not dissimilar to the figure that can be calculated from the above data for Leeds (7/41) or 17%.

EP (2004) confirm that the level of displacement and size of the multiplier effect are likely to vary with the size of the area under assessment:

'The larger the area over which the benefits of the programme are being analysed, generally the higher the level of displacement will be. A high level of displacement will reduce the number of additional outputs/outcomes.'
(English Partnerships 2004 p9)

At the local level the level of displacement may vary very significantly. EP illustrates the possible variation between a large flagship and small project at the local area and regional level and also by company size and project type. Large flagship B1 office and B2/B8 general industrial and warehousing developments may generate displacement, at the local area level of between 12% and 17%, and regional level between 22% and 25% (English Partnerships 2004). The subject research has recorded a level of displacement of approximately double this across the Tyne and Wear conurbation. This discrepancy may in part be due to the fact the EP's figures have been constructed from data from a number of sources, some of which may well support the higher level of displacement recorded by the subject study. Unfortunately, no breakdown showing the source data was provided by EP.

6.4 Change of Use

The interpretation of change of use is different between this and the CUPS (DETR 1998a) study. The subject research regarded change of use as a positive outcome because it contributes to the regeneration of an area through the redevelopment and reoccupation of premises that might otherwise remain vacant. The CUPS survey classified change of use as a negative (death of premises) outcome. Although new uses may not generate employment on the same scale as previous uses, the job opportunities that are created may be more accessible to local people e.g. in the healthcare, retail and leisure sectors. Table 6.4 reveals the end uses recorded by the chaining exercise.

Table 6.4 – End Uses Where Changed

Residential	Car Parking	Healthcare	Retail	Leisure	Landscaping	Total
14	4	10	4	4	2	38

More than a third of changes of use were to residential, which is often financially viable in locations where commercial and industrial uses are not. Support from the Government for the conversion of under-utilised buildings for residential use, contributing as it does to their target of 60% of new housing to be built on brownfield

land, has been enhanced by the introduction of fiscal incentives announced in the 2001 Budget. These included tax relief to property owners for the cost of converting redundant space over shops into flats for letting, reductions in VAT for the cost of splitting residential properties into a number of dwellings, and stamp duty exemptions for transactions in deprived areas (HM Treasury 2001) although the latter measure has since been revoked. The package of incentives, in theory, makes redevelopment for residential use more viable and attractive to private sector investors and may provide sufficient stimulation to encourage the conversion of vacant chain-end properties to residential use, subject to planning consent being forthcoming.

Suitability for change of use is strongly influenced by the location and type of property, with large older buildings in residential areas lending themselves, not just to conversion to apartments, but also to surgeries, care homes and nurseries. Occupiers that relocated to office developments, such as Newcastle Business Park, generated far higher numbers of changes of use because, unlike industrial occupiers, the premises that they vacated were suitable for conversion to such uses. Industrial property is generally less well suited to a change of use, with warehouses and large industrial sheds perhaps being the two types of industrial property most suitable to adaptation to residential or leisure uses respectively.

6.5 Number of Chains

The survey recorded 251 chains, generating 125 splits, to total 376 distinct chain ends. Splits occurred when chains fragmented because the occupier originated from more than one property, usually as a result of corporate rationalisation. Fragmentation also occurred when larger premises were split into nursery or starter units, usually through the intervention of a local authority or regeneration agency. A fragmentation rate can be calculated by dividing the number of chain-ends by the original number of chains; developments with a fragmentation rate greater than one initiated more chains, as a result of splitting, than were generated by the original development. Doxford Park, East Quayside and Metro Riverside were notable in this respect, indicating that they have attracted occupiers that have consolidated their operations, bringing a number of previously separate branches under one roof e.g. legal firms moving to Newcastle quayside. Notably, the CUPS survey did not record any splits in the chains.

Table 6.5 – Chain links and transactions

Chain length by number of links	Number of occupiers	Number of chain links	Number of property transactions
0	257	n/a	257
1	243	243	486
2	97	194	291
3	30	90	120
4	6	24	30
Total	633	551	1,184

The number of property transactions created by intervention in the property market totalled over 1,100 (the sum of occupiers not generating chains plus the total number of chain links). The number of transactions generated can be thought of as a measure of the level of excitation in the property market. This is generally perceived to be a positive outcome, because it suggests that a local property market is being stimulated and occupiers are responding to the supply of new accommodation and moving up the property ladder, creating a filtering effect.

CUPS suggested that the spatial extent of property excitation in Manchester, Leeds and Bristol was very limited and that the market area affected by UDC activities had a very limited reach (Department of the Environment Transport and the Regions 1998a). This conclusion is not supported by the Tyne and Wear study, which recorded more than two transactions for every original unit of property created, indicating a significant level of excitation and revealing a strong filtering effect to be in operation across most of the conurbation. As noted earlier, starter or nursery units had a high turnover of tenants and as such the level of excitation recorded should be viewed as a minimum.

6.6 Length of chains

The average length of chains was approximately 1.5 links, and 37 chains were recorded of three or more links (see column 10, Table 6.3) which accords with the research by Valente et al (1982), who observed chains of up to five stages and an average chain length of over two links. Most chains in the subject study are only one link in length (63%) with vacated accommodation typically being reoccupied by new firms, branches or adjoining occupiers (for comparison see Figure 2.3f which illustrates a two link chain). The CUPS study (Department of the Environment Transport and the Regions 1998a) recorded chains that were shorter in length, with

only eleven comprising two or more links, due mainly to a proliferation of new branches and start-ups.

A factor affecting not just the distance of moves, but also the number of relocations recorded, is the size of the study area. The larger the area studied the greater the number of chains and the longer they are, because fewer occupiers will be classified as new. The Tyne and Wear conurbation covers a greater area than Leeds or Bristol, however the Manchester metropolitan area is of a broadly similar size and produced a slightly higher average chain length than the other two studies. The difference may also be due to the persistence with which chains were followed to their natural end.

There is evidence that the higher a new building is up the property ladder, in terms of its size and specification, the longer the chain that is generated. If public sector agencies are interested in generating greater levels of excitement in a local property market then more resources should be allocated to the supply of larger properties at the top end of the market. However, such activity generates the side-effect of higher levels of displacement and may not be compatible with the strategies and priorities of many development agencies to encourage the creation and survival of small and medium sized enterprises (SMEs). As shown in Table 6.2b, the bigger office and industrial developments also created a greater number of new jobs, despite causing greater employment displacement.

6.7 Distance of Moves

The measurement of the distance of the move that all relocating firms and organisations had made, was calculated using the pin map (see Appendix C) that plotted the origin of all transfers and branch relocations to the 20 developments from within Tyne and Wear. The distances from each pin to the development where the occupiers had relocated, was measured using a 1:25,000 scale rule to the nearest 20 metres, which was deemed to be sufficiently accurate for the purpose of the exercise.

The average distance of moves made by occupiers relocating to the 20 developments in Tyne and Wear was 4.9km (3 miles), with the greatest distance moved being 19.25km (12 miles) (see column 9 of Table 6.3). All developments attracted occupiers from within an average of 7km (4.3 miles) except for Sunrise,

which generated a high average distance of 10.5km (6.5 miles) due to a small number of relatively long distance moves.

Valente et al's (1982) filtering chains were geographically localised, with relocation distances declining from 1.8 miles, for firms moving into newly built premises, to 0.4 miles for premises at the bottom of the filtering sequence. The average move distance recorded in Tyne and Wear is greater because all the premises are new and therefore higher up the property ladder than the small mixed sample studied by Valente and Leigh.

Survey work carried out by ERS for EP's 'Raising the Temperature' report (English Partnerships 1998), confirmed that when looking for new premises, firms prefer to make short, local moves, ideally within a three to five mile radius, although no evidence was provided to support this assertion. ERS (1998) referred to a study by Manchester City Council in 1981 that calculated an average moving distance of occupiers of small nursery units of 3.1 miles and Pratt reported a median distance for industrial relocations of 3 km (Ball and Pratt 1994). The short distance of most relocations is confirmed by Latham (1982) who reported that studies of the Dudley EZ revealed that most firms relocate themselves within an approximate 5 miles radius of their existing location.

Demand can be very localised and this consolidates and reinforces existing centres of activity in a region or conurbation. ERS's survey confirmed a strong preference of SMEs, housed in industrial and warehouse accommodation, to move a distance of less than five miles.

'Office based activities were found in general to have an even stronger desire to remain close to their current location. Three quarters of respondents had moved less than five miles and indeed 40% less than one mile. The extent of search for premises was found, in part, to relate to the location of businesses' competitors.'

(Economic Research Services 1998 Section 4.37)

Developments providing starter or nursery units, such as Howard Street, N. Sands and TEDCO, did not have a noticeably lower average distance of moves, and there does not appear to be any correlation between the size of a firm and the distance it is prepared to move. Of greater significance is the proximity of a development to the source or supply of potential occupiers. Office developments at Central Park and East Quayside, both located on the periphery of Newcastle's CBD, encouraged

occupiers from Newcastle City centre to make relatively short moves, of less than 2km (1.2 miles). More remote developments, such as Boldon, Doxford Park and New York have, not surprisingly, attracted relocations from a greater distance away.

This is confirmed by ERS, who compared maps of industrial transactions and the availability of accommodation. They determined that for industrial property, in many instances, there was spatial proximity between 'hot' spots and 'cold spots that suggested changes in the pattern of economic activity had occurred as a result of local moves over relatively short distances, with some dispersal towards areas of higher accessibility. When applying the same technique to the office market, they found a more even pattern in the number of transactions per firm than the pattern of availability, reflecting the very localised demand for space from most office based SMEs (Economic Research Services 1998).

It appears that often the people making or influencing the decision of where to relocate a business, tend not to look very far afield, usually choosing the nearest satisfactory alternative. This is often due to familiarity with a particular area and to being limited geographically by the workforce, but may also be influenced by parochialism and a strong loyalty to their part of the town or city. Occupiers were also often unaware of more distant developments, and the rationale for choosing a particular location over another was sometimes ill or un-informed. Study of the decision making process adopted by occupiers to determine where to relocate and the behaviour of individuals within these organisations, is a potentially fertile area for further research and is explored at greater length in Chapter 7.

6.8 Spatial Distribution of Relocations

In the Manchester study, CUPS discovered that a relatively large proportion of moves created vacancies in the City centre and provided some evidence to support the 'hollowing out' thesis, not least since most were associated with office relocations from the traditional core of the city.

'There was evidence of some displacement, suggesting that intervention in city centre land and property markets had served to fracture the geographical integrity of the City's office market by draining development into the UDA.'

(Department of the Environment Transport and the Regions 1998a p138)

Concentrated hollowing out has been observed in a number of locations in Tyne and Wear, notably Grainger Town in Newcastle, the eastern fringe of Sunderland City centre and Washington New Town. All three locations lost occupiers to new developments that resulted in increased levels of vacant property. The research recorded that 60 office occupiers left Newcastle City centre, two thirds of whom relocated to the nearby office developments of Newcastle Business Park, East Quayside and Central Park. Sunderland City centre lost 21 occupiers, almost all of whom relocated to office developments at Sunderland Enterprise Park, Doxford Park and North Sands. Washington New Town was hardest hit, as 28 predominantly industrial occupiers relocated to Boldon, Sunrise and Sunderland Enterprise Parks. This outcome was predicted in the 1992 study, carried out for English Partnerships, that concluded that Washington could not compete with the advantages offered by the Sunderland EZs (Sanderson Townend and Gilbert 1992a).

The results of the chaining exercise prove that some older industrial areas are suffering loss of occupiers to new developments, and adds weight to the North East Assembly's recent call for One NorthEast to provide a strategic steer to address the problems of failing estates (Recommendation Sites 5) (North East Assembly 2003). This comes on the back of EP's own research (1998) that highlighted the potential scope in the North East for area-based initiatives to regenerate and repackage 'tired' 1960s and 70s industrial estates in places like Washington and Blaydon, an initiative that is now being pursued by ONE North East.

Different developments have varying spheres of influence. North Shields, Wallsend and South Shields have lost occupiers to nearby small business or cluster schemes at Howard Street, Royal Quays and TEDCO respectively. In contrast, Team Valley provides such a wide range of industrial and office accommodation, that firms can relocate within the estate. Some developments, such as Newcastle Business and Sunderland Enterprise Parks, lost occupiers to other newer developments and some occupiers appear to have followed incentives. Agencies need to be attuned to this behaviour to prevent firms from relocating to secure new accommodation at a subsidised rate unless they generate significant additionality, otherwise dead weight will occur.

The mapping and identification of the origin of occupiers identified areas that are most vulnerable to the effects of displacement. The research has interesting parallels with work done by ERS for English Partnerships that reported that the

places with a relatively low proportion of respondents citing location as a factor for being there, were found to be inner ring/old industrial areas (e.g. Walker Riverside), urban fringe locations (e.g. Team Valley) and New Towns (Washington). This suggests a potentially higher degree of transfer between these locations. The places with a relatively high proportion of respondents citing location as a determining factor for its choice, were found to be regional commercial centres (Newcastle), sub-regional centres (Sunderland) and fringe of central areas (Quayside, Sandyford, Jesmond) (Economic Research Services 1998).

ERS (1998) identified particular characteristics for the areas covered by their survey, to produce a typology of each (see Table 6.8a)

Table 6.8a ERS Typology of Areas

Type of Area	Characteristics
Regional Commercial Centre (e.g. Newcastle City Centre)	access to major customers
	Prestige
	high turnover of businesses
	low proportion of start-ups
	high proportion would not consider alternative locations
	access to major customers
Sub-regional centre (e.g. Sunderland)	several business competitors based mainly outside region
	no business considered moving more than five miles away
	availability of car parking
Fringe of central area (e.g. Quayside)	security unimportant
	no-start up businesses (surprisingly)
Inner ring/old industrial (e.g. Walker Riverside)	high number of engineering companies
	high number of start-ups
	high number of businesses with competitors outside region
Urban Fringe (e.g. Team Valley)	low number of businesses with competitors outside region
	high number start-ups and young businesses
	road accessibility important
	high number of manufacturing, distribution and transport
	high number located in publicly leased premises
Low order centre (e.g. Jarrow)	high number of mobile companies
New Town (e.g. Washington)	high number of mobile companies

It was possible to assemble a similar typology for the twenty developments in Tyne and Wear by studying the ranking, by the occupiers of each individual development, of the factors that influenced their choice of location. Table 6.8b lists the factors that

were ranked highest by occupiers of each of the case study developments. The 'push' factors that encourage occupiers to move from their old premises are an example of mis-match (see Section 2.9) and represent the characteristics that are poor or absent in other locations that cause them to haemorrhage office and industrial occupiers.

Table 6.8b Reasons for Choosing to Move to a Particular Development

Development	Main Reasons
Armstrong I.E.	no dominant reason
Balliol B.P.	assistance, car parking
Boldon B.P.	transport, value for money
Central Park	quality, car parking
East Quayside	quality, car Parking
Follingsby Park	location, workforce, security
Howard Street	other reasons, location
Metro Riverside	quality, transport
Newcastle B.P.	location, environment, quality
New York I.E.	assistance, other reasons
North Sands	value for money, security
Royal Quays	Quality
Silverlink B.P.	transport, workforce
Sunderland E.P.	assistance, transport
Sunrise E.P.	assistance, transport
TVTE	location, transport, facilities
TEDCO	security, facilities, value for money
Viking I.P.	quality, assistance
Walker	Location

Significantly, different types of development are characterised in different ways. For two of the three starter/nursery developments, value for money was important, as was Boldon where rental values have not been inflated by EZ status. TEDCO was notable for the fact that most occupiers placed security as one of the top two factors influencing their decision to locate there. The telephone interviews revealed that this was because the neighbouring areas, from where most of the occupiers originated (Hebburn, Jarrow, South Shields), were suffering from high levels of burglary, theft and vandalism of commercial and industrial premises. Occupiers of North Sands and Follingsby Park also reported problems with security at their old premises (e.g. Hendon and Washington).

Prime office developments attracted occupiers due to their quality and availability of car parking (e.g. Central Park, East Quayside, Metro Riverside, NBP, Royal Quays). Prime industrial developments attracted occupiers due to their strategic location and accessibility (e.g. Boldon, Follingsby, SEP, Sunrise, Team Valley).

The occupiers of four developments (Balliol, New York, Sunrise and Viking) identified public sector assistance as being a major influence on their decision to move there. A common factor between them is that they are all EZs, although only Sunrise was 100% EZ, the others were only given EZ status for sites that remained undeveloped. Occupiers currently benefiting from a rates holidays or tax breaks, will be more inclined to rank assistance more highly than those that may have received it in the past, but no longer do so. It may only be once the assistance ceases that the fundamentals of the development become more apparent. This issue is explored in greater depth in Chapter 7.

6.9 Spatial Distribution of Vacant Property

The chaining technique allowed the location of chain-end properties, both occupied and vacant, to be plotted. Those locations with a concentration of occupied properties indicate not just a source of occupiers of office and industrial property, but a robust local market that can absorb vacant space through the filtering effect. Those areas with concentrations of vacant property are also a source of occupiers for new accommodation or other property in the chains, but do not have sufficient local demand to take-up the vacant space.

Locations such as Grainger Town, Jesmond and Sandyford, Regent Centre and Team Valley, all lost occupiers to new developments and other property in the chains, but had relatively low levels of vacancy. These locations appear to have some resilience and are still sought after by other occupiers who will take-up the better vacant space. Other locations such as the east side of Sunderland City Centre, East Gateshead, Jarrow and Washington, have not only lost occupiers but have not been as successful in achieving reoccupation of vacated property. In these locations the vacancy rate among chain properties exceeded 50%.

It is interesting to draw comparisons between Newcastle and Sunderland City centres. Office activities had been moving out of Grainger Town (Newcastle) for years, in order to meet modern requirements, and the area was unable to compete for or satisfy large space requirements. The Grainger Town Project spent six years promoting a renaissance of Newcastle's historic core, which has resulted in considerable redevelopment, conversion and refurbishment of vacant and underused buildings. The value of refurbished offices is now often below that of other uses,

particularly residential, and viable office space in Grainger Town has increasingly been provided within mixed-use development (Robinson et al. 2001; Fisher 2005).

By contrast, the historic Sunnyside area of Sunderland, with its grid of streets and squares, developed by William Jameson two decades ahead of Richard Grainger's 'Town', has been neglected for decades, untouched as it was by TWDC. It has now been identified as one of the regeneration priorities of Sunderland ARC urban regeneration company (Sunderland ARC 2003) and in 2004 the Sunnyside Partnership was set-up with the aim of securing £120m of investment in the area to rehabilitate the 20 listed buildings and create new and improved commercial, retail, leisure and public open space.

Another interesting comparison is the success of the Team Valley Trading Estate, promoted over four decades by English (Industrial) Estates, English Partnerships and now ONE NorthEast, and the decline of Washington New Town where the development corporation was short lived. Team Valley is unrivalled as the premier industrial location in the north east of England and is one of the few locations in the region where speculative private sector-led industrial development is now profitable. Washington, by contrast, is continuing to struggle and desperately requires some special attention to overhaul its now obsolescent industrial stock.

The chaining exercise proved that property-led regeneration in Tyne and Wear has caused displacement that results in a significant level of vacancy in other parts of the conurbation, and confirmed that the stimulation of local property markets, in specific locations or zones, has been at the expense of other areas. It also revealed that a filtering process operates to absorb empty space, and that premises left vacant at the end of chains, may be clustered in particular areas. Locations with strong property markets, are sufficiently robust to withstand the loss of office and industrial occupiers to new developments, and will see vacated property re-occupied. However, more marginal locations, with weaker markets, have less resilience to cope with the loss of occupiers and may be further blighted by increased levels of vacant property.

Regeneration agencies and local authorities should contemplate what the spatial effects of their intervention in land and property markets will be, and try to predict which areas will be most vulnerable to occupier displacement resulting from intervention in land and property markets. If it is felt that these areas deserve protection, then agencies and authorities will need to conceive and implement

strategies to mitigate the worst side-effects of their intervention or ameliorate the conditions that they generate.

6.10 Revisiting Vacant Chain Ends

In November and December 2005 all vacant chain ends recorded by the original chaining survey were revisited to capture whether their status had changed during the intervening four year period. The same methods employed by the original chaining survey were used to investigate and verify whether the chain-end properties were still vacant or had been re-occupied, absorbed by a filtering process, or redeveloped for a different use. Where the researcher was unable to verify the status of a chain end property via a landlord, agent or other parties with knowledge of the property's occupation (e.g. Local Planning Authority), a site visit was made to identify its condition.

The status of all 130 chain ends was captured and provides a unique insight into the condition of office and industrial property in Tyne and Wear that had been vacant four years previously. The results of the relatively straightforward data analysis both elaborate, and reinforce, some of the conclusions reached by the original survey work as well as generating new findings.

6.10.1 Theoretical and Methodological Issues

The validity in revisiting previously vacant chain ends is tempered by the fact that whilst their status may have changed during the intervening period, so too might the status of property previously recorded as having been occupied. In particular, small office and industrial units typically occupied by SMEs with lower survival rates than larger organisations, may fall vacant with some frequency. Whilst empty units in popular business incubator developments, that have waiting lists for their accommodation, may rapidly be filled, inferior accommodation for which there is less demand may remain vacant for longer. Similarly, larger chain-end properties may suffer from physical, functional and economic obsolescence and be let on short term leases to occupiers with weak covenants (see Section 6.9) increasing their vulnerability to the incidence of vacancy.

The research has already recorded how the supply of new office and industrial property causes significant levels of displacement, particularly from locations where stock exhibits the above characteristics. Thus, new office and industrial

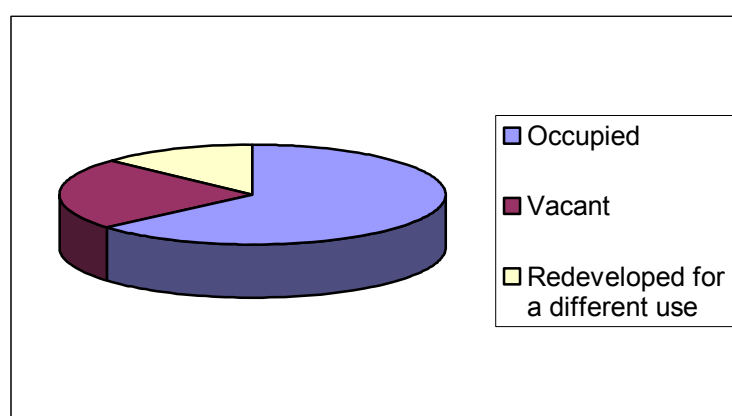
accommodation in Tyne and Wear that has come on to the market during the last four to five years will have caused some displacement not just from occupiers at the end of chains but also, significantly, along them. Given the scale of the original survey (376 chains comprising 551 chain links and 633 occupiers, generating 1184 property transactions (see Section 6.5)) it would be expected that some properties in these chains will have become vacant since then chaining survey was completed.

No attempt has been made to revisit all links in all chains because of the potentially enormous time and effort that would be required. Thus it has not been possible verify whether the status of chains that previously ended in property occupied by new start-ups or branches have changed nor whether vacancies have broken the chains apart. However, there is merit in revisiting all chains that ended in vacant property to establish whether further filtering of previously vacant property has occurred and to reveal the characteristics and location of persistently vacant property.

6.10.2 Results

Nearly two-thirds (82 of 130) of the chain-end property, recorded as vacant four years ago, was occupied, nearly one quarter (30 of 130) was still vacant and one eighth (17 of 130) had been redeveloped for a different use. Figure 2.3f represents these changes in the status of properties in the final red box, from 'vacant to let', to either 'obsolete to redevelop' or 'change of use' or a move across to the final blue box representing absorption through the take-up of vacant stock.

Figure 6.10.2 Status of previously vacant chain-ends



The results of the revisiting of previously vacant chain ends are significant because the majority of chain ends that were vacant have, during the intervening period, been reoccupied. The longer the intervening period, the more likely it would be that

property is absorbed or alternatively redeveloped for either the same or a different use. Such a statement needs to be qualified by acknowledging that the same would be true in terms of previously occupied property in the chains falling vacant, particularly those premises that are most prone to obsolescence.

Table 6.10.2 Status of revisited chain ends

Status of chain end	Number	%
Occupied	82	63
Vacant	30	23
Redeveloped for a different use	17	13
TOTAL	130	99*
* due to rounding		

23% of the 130 previously occupied properties were still vacant four years after they originally became so. Identification of 30 persistently vacant properties permits consideration of the common characteristics and reasons why such properties remain vacant over the short to medium term. Such contemplation has allowed the researcher to reinforce some of the findings from the analysis of the original survey data and to validate conclusions (see below). A not insignificant proportion (13%) of the properties had been redeveloped for a different use. Consideration of the reasons why this might be so is also presented below.

6.10.2.1 Re-occupied Property

Revisiting previously vacant chain-end property has allowed the researcher to scrutinise the characteristics and location of the office and industrial premises that have been reoccupied in the last four years, which has added an extra dimension to the research. The split between office and industrial property is approximately equal and it is noticeable that the premises are spread widely across the conurbation.

Approximately one quarter of reoccupied premises are offices located in, or, on the edge of the central business districts of Newcastle and Sunderland. The strength of demand in the Tyne and Wear office market over the last few years coupled with relatively low levels of supply of new office accommodation, other than at the top end of the market, has resulted in fairly healthy market condition for good quality secondary stock. Where the stock was of poor quality it has been refurbished before being reoccupied.

A quarter of reoccupied premises are industrial units on established industrial estates, predominantly in North and South Tyneside and Team Valley. It was encouraging to record that stock on industrial estates in secondary locations, such as Jarrow and Hebburn, has seen some demand and take-up over the last four years.

The remaining reoccupied properties are equally divided between office suites on business parks that offer good quality accommodation with generous car parking at competitive rents, office and industrial properties in Washington (see below) and miscellaneous other properties that do not fit into the previous classifications.

6.10.2.2 Persistently Vacant Property

It has been possible to classify the 30 persistently vacant chain end properties in four ways (see table below). Most vacant property falls into the first three categories, the remainder are deemed to be vacant in the short term only.

Table 6.10.2.2 Classification of Vacant Chain-end Property

Classification	Number of chain ends
Inferior property in poor location	11
Awaiting comprehensive redevelopment of area	7
Awaiting redevelopment for change of use	8
Vacant short term	4

Significantly four of the eleven properties classified as being inferior in poor locations are office suites and industrial buildings in Washington New Town, which was identified as early as the first phase of research (see Section 5.7) as having structural problems that made it difficult for industrial property in particular to compete with new build EZ accommodation. The remaining properties are offices located on the periphery of Newcastle CBD that are in need of refurbishment or industrial units located on failing industrial estates (see Section 6.8). Unless money is invested in upgrading the accommodation and dealing with some of the structural problems of the failing industrial estates then such property is liable to remain vacant.

Nearly a quarter of the vacant properties are in areas that are in need of comprehensive regeneration and redevelopment, for example South Docks in Sunderland, and as such are likely to remain vacant for the foreseeable future. Half of the eight chain end properties classified as awaiting redevelopment for change of

use are situated in Grainger Town in Newcastle and are awaiting demolition or redevelopment. The hiatus in activity has been due in part to the demise of the Grainger Town Partnership and PIP gap funding, both of which provided impetus to the Grainger Town Project during its six year life span and have subsequently been replaced by poor imitations. It is anticipated that such properties are likely to be redeveloped in the short to medium term, property market conditions permitting.

The precise classification of the vacant chain ends can be compared to the previous consideration of the distribution of vacant chain end properties (see Section 6.9) which characterised locations that were more robust and thus able to absorb vacancies compared to less resilient locations where voids were more likely to persist. The revisiting of the previously vacant chain ends has validated some of the findings generated by the analysis of the original chaining survey data.

6.10.2.3 Change of Use

The 2005 survey recorded 17 chains that ended with a change from office/industrial to another use, residential and retail accounting for 12 of the 17. The results are broadly consistent with the 2001 survey results, with the exception of the increased incidence of change of use to retail and the solitary change to healthcare. The former was mainly because all three vacant high street premises, caused by the consolidation of high street branches of Royal London Insurance to one office on Newcastle Business Park, reverted to retail use.

Table 6.10.2.3 End Uses Where Changed

End use	2005 survey data	2001 survey data	Total	%
Residential	6	14	20	36
Car parking	0	4	4	7
Healthcare	1	10	11	20
Retail	6	4	10	18
Leisure	1	4	5	9
Landscaping	2	2	4	7
Total	17	38	55	97*
* due to rounding				

6.10.3 Implications of New Findings

Most chain end property that was previously recorded as vacant has subsequently been reoccupied. Office and industrial occupier markets in Tyne and Wear have

continued to absorb vacant space through a filtering effect. The total percentage of occupied properties has nominally increased but without pursuit of each occupied chain end to the 'new' chain end, and indeed verification that no vacancies have occurred along the chains, this cannot be corroborated.

Analysis of the original survey data would suggest that approximately 1 in every 3 chains ends would result in vacancy elsewhere in the conurbation. In the absence of new supply this would lead to an ever diminishing number of vacant properties. As a consequence of the reoccupation of previously vacant property, occupier chains will grow longer (see Section 6.6), because a proportion of the occupiers will be transfers or branch locations, having relocated from elsewhere in the conurbation. The status of occupiers of the twenty case study office and industrial development recorded by the first phase of the research provides an indicator of what proportion of 'new' occupiers may actually be relocations. The analysis contained in Section 5.3 reported that just over 1 in 2 firms were either transfers or branch relocations within the conurbation.

Although vacancies can break into property occupier chains at any point, they are more likely to occur toward the end of chains where properties are typically let on more flexible (shorter) terms to occupiers of weaker covenant strength. Two somewhat contradictory hypotheses can be proposed. Firstly, that the size of property at the end of chains is usually smaller and therefore more suitable for SME's which are more likely to be new start-ups and thus chains will end in this way in which case the vacancy ratio (1:3) would be lower. Conversely, property that is persistently vacant is so for a good reason, often due to a combination of physical, functional and economic obsolescence such that in the absence of some direct intervention there would be little prospect of the property's status changing. There is an opportunity for further research to be undertaken to test which of these hypotheses is correct.

A quarter of vacant chain-ends are still vacant. By scrutinising the location and characteristics of these persistently vacant properties it has been possible to classify them into four types which resonate with the analysis presented in Section 6.9. A similar approach has been pursued in an attempt to classify the location and characteristics of previously vacant properties that have been re-occupied. This hitherto neglected opportunity has yielded a simple categorisation of absorbed properties that has captured the breadth and strength of property market filtering.

The majority of reoccupied premises are situated in or on the periphery of Newcastle and Sunderland CBDs or on well established industrial estates, but it is encouraging to record that take-up has penetrated relatively weak secondary office and industrial markets across the conurbation. Even Washington has experienced a respectable level of take-up of both office and industrial accommodation.

6.11 Chapter Summary

This chapter contains some of the most significant and original findings of the research. The chaining exercise measured the degree to which vacated property has been re-occupied through the filtering process and mapped the spatial distribution of chain-ends, their status and origin of occupiers. This phase of the research has determined the extent to which new office and industrial property has resulted in short term vacancy elsewhere and revisiting the vacant chain ends permitted identification and classification of persistently vacant property. Ultimately, the chaining survey has revealed the impact that the supply of new office and industrial accommodation has had on other parts of the conurbation.

The analysis of the data collected revealed that just over half (53%) of all occupiers had relocated from within the conurbation, resulting in the displacement of nearly half of the approximate 27,000 jobs located on the twenty office and industrial developments. Of the 376 chain-ends recorded, just over half ended in re-occupied property whilst over a third resulted in vacant property being created elsewhere in the conurbation. The immediate net overall rate of vacancy was calculated to be around 20%. Most occupier chains were only one link in length, although one in ten chains extended to three or more links. On average, every occupier movement to new premises resulted in another property transaction elsewhere in the conurbation. This represents a doubling of market excitation generated by the supply of new office and industrial accommodation. The average distance of moves was approximately 3 miles or 5 km. Of the 130 vacant chain ends, nearly two thirds had been re-occupied four years later, nearly a quarter were still vacant and the remainder had been redeveloped for a different use.

When the 130 previously vacant chain-ends were revisited four year later it was discovered that nearly two-thirds of them had been reoccupied and approximately one quarter of them remained vacant. The results suggest that a filtering effect has

continued to operate in office and industrial property markets in Tyne and Wear, to absorb vacant stock but that some locations are prone to longer term vacancy.

The next chapter presents an analysis of the material gathered by interviewing office and industrial occupiers and triangulates the findings with the previous two phases of research, to develop some important conclusions about the way in which property occupiers respond to the supply of new accommodation and how they determine whether and where to relocate.

CHAPTER 7 – ANALYSIS OF INTERVIEWS AND TRIANGULATION WITH FINDINGS OF PREVIOUS PHASES OF RESEARCH

7.1 Introduction

The third phase of the research builds upon the extensive empirical work of the earlier phases, contributing to the exploration of the 'occupier decision' strand of the research (see Figure 1.1), that investigates the factors influencing location and the role of property in growth. It also extends the scope of the research to investigate how complex external factors influence the locational decisions of occupiers (see Figure 1.2). Occupiers of new office and industrial accommodation in Tyne and Wear were interviewed, to investigate what caused them to move, what influenced where they moved to, and to explore how they went about making these two important decisions. The interviews contribute a rich and detailed account of how property occupiers respond to market conditions and the behaviour of the people involved in determining whether to move, when to move and where to move to. Each occupier has their own unique story to tell, but there common themes.

Thorough analysis of the interview transcripts allowed the researcher to identify 18 individual units of meaning or strands (see Appendix D), which comprise over 50 sub-strands. Adopting the axial approach (see Strauss et al, 1998) to analyse the material across the 18 strands it has been possible to synthesise 10 distinct 'cross cutting' themes that incorporate every sub-strand. The themes mutually reinforce the first phase of research by validating the factors that influence office and industrial occupier's locational decisions and represent part of the original contribution of the thesis. The results of the analysis offer a valuable insight and better understanding of the response and behaviour of property occupiers to the supply and subsidy of new office and industrial accommodation.

7.2 Cross-cutting Themes

Adopting the constant comparative method (see Section 3.7.4), it has been possible to inductively derive ten cross-cutting themes, that incorporate and represent all 18 units of meaning or strands arising from the interviews. A matrix, listing the ten cross-cutting themes emanating from the axial analysis, and identifying the sub-strands from which they are compiled, is shown in Table 7.2. A table of the units of

meaning/strands and sub-strands emanating from the analysis of the interview material is contained in Appendix D. In the detailed evaluation of the cross-cutting themes that follows, the interviewees whose comments contributed to a particular theme have been identified by the number assigned to the interview, with further elaboration provided by anonymously quoting interviewees.

Table 7.2 – Cross Cutting Themes and Contributing Sub-Strands

Code	Theme (in no order of significance)	Sub-strand codes
A	Improved performance, growth & expansion	1.2, 1.3, 2.2, 8.1 8.2, 10.1, 10.2, 10.3, 13.1, 13.3, 13.5, 14.1, 14.2, 14.3
B	Access, location, proximity to staff & customers	2.2, 3.5, 4.3, 4.4, 7.2, 13.2, 13.4, 14.1, 14.3
C	The influence of public sector intervention	5.1, 5.4, 7.2, 8.1, 12.1, 12.2, 12.3, 16.2, 17.1
D	Tenure	2.2, 3.1, 3.3, 6.1, 7.1, 8.1, 9.3, 12.1, 16.2, 17.1, 17.2
E	The contribution of property to business performance	1.1, 1.2, 1.3, 4.2, 12.4, 13.1, 13.3, 14.1, 14.2, 14.3, 17.3
F	Structure, changes & rules	2.1, 5.1, 5.2, 5.3, 5.4, 7.1, 9.1, 9.2, 10.3, 17.1, 17.3
G	Market perceptions	5.2, 7.1, 7.2, 11.1
H	Property characteristics	2.2, 3.2, 3.3, 3.4, 8.1, 12.4, 13.1, 13.3, 13.5
I	Time and chance	2.2, 6.2, 9.1, 9.3, 10.1, 17.2, 17.3, 18.1
J	Decision	3.1, 3.2, 4.1, 4.2, 6.1, 7.1, 8.1, 8.3, 11.1, 13.5, 15.1, 16.1, 16.2

There are parallels between the strands identified and those factors reported by Mazzarol et al (2003) as being the main reasons why firms considered relocating, namely to get closer to customers, suppliers, key transport routes, public transport, where they lived, key population areas, freight terminals, to pursue the ambition to own their own premises or because they had been asked to move by their landlord or had received complaints about their operation.

Unfortunately the empirical approach adopted by Mazzarol et al (2003), to analyse the interview material that they collected, generated rather sterile and narrow findings. They did not investigate in any depth the reasoning behind the decisions made nor recognise the unique factors and circumstances that influence the decision-making of business occupiers. The somewhat tentative findings, derived from expert panel discussions, are not supported by any detailed evidence, but do suggest the need for further research into occupier decision making, proximity to

customers and suppliers, opportunities for firms to purchase freeholds and the need for government agencies and developers to recognise and satisfy occupiers' property requirements. These are all issues that are captured by the third phase of research.

7.2.1 Theme A – Improved Performance, Growth and Expansion

Over the time span of the research, most businesses and organisations have been expanding both in terms of turnover, employees and floorspace occupied. This is confirmed by the questionnaire survey that recorded that 55% of occupiers responding had moved in order to facilitate expansion (Section 5.9). It is interesting to note, when contacting potential interviewees, how many of them had recently moved, were in the process of moving, were contemplating doing so or had expanded their existing premises. It appears that for some firms and organisations there is a cycle of expansion. Interviewees expressed the sentiment that “once you have started growing to must keep growing, like a treadmill that you dare not get off” (#2&4).

Pressure to expand builds up over time at different rates; some occupiers are conscious of this (#4&19), and make plans to move and expand years in advance of the need to do so; for others, the need to expand creeps up on them unawares and they have to react quickly in order to alleviate the pressure (#6&12). Time (see Theme I) is therefore a critical factor and occupiers need to plan ahead if they are to avoid a frenzied rush to try and find new accommodation at short notice. There is a risk that some occupiers may end up having to compromise and take inferior or inadequate accommodation because of limited availability at the time that they urgently need to move. This is a decision that they may come to regret later (#6&12).

Occupiers need a supply of vacant premises to be available to them to allow the pent-up growth to be accommodated. Fothergill et al (1987) confirmed that availability of new move-on accommodation to firms' ambitions to expand. Without this the expansion of businesses and organisations is hindered temporarily or inhibited in the longer term. This is a source of some frustration to occupiers of business premises and in the extreme the availability or lack of suitable premises can make the difference between a firm surviving or going under (#11). Lack of suitable accommodation to move into not only inhibits growth, but can make it difficult for firms to modernise or reorganise their operations to improve efficiency.

The activity of the public sector in encouraging and subsidising the supply of new accommodation makes a positive contribution to the economic development of an area if it facilitates the expansion and growth of local businesses. As the chaining survey has revealed, the development of new office and industrial property initiates a filtering effect that makes smaller units of accommodation available further down the occupier chains (see Chapter 2). This is an additional and often neglected spin-off benefit from public sector intervention that has been captured by the chaining survey and is most obvious in respect of neighbouring occupiers who exploit the opportunity to take on more space as a result of another business relocating. Some interviewees (#1,2,3,5,13,18,&22) revealed that they had made the most of such opportunities to expand, in some cases doing so two or three times in succession.

The accommodation that many businesses occupy is often not suitable for expansion and this realisation can influence the behaviour of occupiers as they seek to satisfy not just current space requirements, but also to build in the capacity to expand further in the future. The ability of premises and tenure arrangements to provide such flexibility was recognised by a number of interviewees (see Theme D). One interviewee (#17) revealed that they take additional space and sub-let it on contracted-out short-term tenancies, another (#4) that the firm took an option on an adjoining site, which they have since exercised, to build a second building on. A third option is to acquire additional land on which to expand at a later date.

The research identified four types of expansion: single site operations expanding by relocating, the consolidation of multiple sites under one roof, new branches of a larger organisation being opened, and the absorption of vacated space by neighbouring occupiers. All generate different degrees of additionality, the first two generate displacement and potentially some new jobs, the latter do not constitute displacement thus all jobs created are net new. If new branches import workers from facilities elsewhere then the level of additionality is reduced.

The scale of growth and expansion, and the additionality generated, has been captured in the chaining survey. Although most occupiers of new office and industrial property in Tyne and Wear had relocated, the majority of them had expanded and new employment opportunities had been created (see Section 6.2). However growth can cause fragmentation that may need to be resolved later on (#20&23). Indeed, one occupier that had relocated in order to consolidate its operations under one roof,

had done so well that it found itself back in two separate buildings, a victim of its own success (#4).

The availability of suitable accommodation to expand into is just one factor that can hinder growth, recognised as long ago as 1977, by the Inquiry into Location Attitudes Group (ILAG) that found that 32% of relocating firms regarded the immediate availability of a factory as a major factor in their decision. Other factors include the availability of potential employees and fluctuations in the performance of the market/industrial sector within which businesses operate; this was particularly notable in the financial services and travel sectors (#13,14&22).

A clear message emanating from the interview analysis is that property does not cause growth, but without suitable accommodation being available growth may be inhibited or may take place more slowly. The availability of the right sort of office and industrial floorspace, that meets occupiers' needs, is a pre-requisite if the growth potential of businesses and organisations is to be fulfilled. Conditions that cause inertia and constrain growth, such a lack of suitable accommodation combined with workforce, tenure and organisational rigidities, are being increasingly recognised within corporate real estate strategies and decision planning (see Osgood 2004)

As well as facilitating growth, new or improved accommodation can contribute in other ways to the improved performance of business. Additional floorspace will accommodate a greater number of staff and/or equipment that can generate increased turnover. Many businesses reported turnover doubling or trebling in the space of a few years (#2,4,5,6,9,20,22,26,28&29). Improved profitability may follow, but often the increased overheads of the new accommodation results in profitability remaining fairly static. Some of the other benefits that better accommodation can bring to occupiers are better staff retention and recruitment, improved productivity due to increased motivation of the workforce or more efficient production methods (see Theme E). New premises may also contribute to increased competitiveness, by retaining existing clients and winning new ones (see Theme G).

This is a significant finding and suggests that business occupiers need to monitor their property requirements carefully and plan ahead to avoid growth being stifled in the future. Public sector agencies need to ensure that there is an adequate supply of both office and industrial floorspace in a range of sizes, types of tenure and locations, in order to facilitate indigenous business growth. This could be achieved by ensuring

that planning policy and site assembly activity encourages adequate provision and that comprehensive, reliable and up-to-date market data and research is widely available. However, if the market does not supply the right space in the right place then public sector intervention may be required to assist its provision by way of financial subsidy, incentives or as a last resort by direct provision.

7.2.2 Theme B – Access, Location, Proximity to Staff and Customers

Some firms and organisations are footloose, but the majority of occupiers do not wish to move far from their origin, often expressing loyalty to their 'local' area. The questionnaire survey found that, in the absence of their premises being available, 84% of occupiers would have remained in the 'local' area (Section 5.10), and the chaining survey recorded an average distance of moves of only 4.9km (3 miles) (see Chapter 6). Most firms do not look far afield when sourcing new premises and stick to places that they know well, not even considering areas with which they are unfamiliar. Such a parochial attitude constrains the scope of their property searching and, as a result, many relocating occupiers were not aware of the full range of accommodation that was available to them within the conurbation. This is a good example of satisficing behaviour and bounded rationality (see Section 2.6). However, it should be acknowledged that in some locations the supply of premises was so restricted that there was not a lot of choice to begin with.

This parochial approach adopted by many occupiers was not without good reason because they were acutely aware of the need to retain staff who, in their opinion, are their most important asset. For example, when #11 relocated only 6km (4.5 miles) away they lost nearly half their staff because of their refusal to travel the extra distance to the new premises. This caused difficulties for the firm due to the need to employ and train new staff and resulted in a fall in output for the first six months of operation in the new premises.

There was some evidence of individuals making subjective decisions about where to locate their business based on the convenience of the location to them, even though it might have been inconvenient to other staff (#1&2), validating Watt's (1987) observation. In contrast, other businesses carried out detailed research to assess the likely impact of a move on the travel arrangements of existing staff and went to great lengths to ensure that the relocation disadvantaged as few employees as possible (#25). Mazzarol et al (2003) identified the tendency for the proprietors of

small businesses to seek to locate in close proximity to their own home in contrast to larger firms that placed greater importance on locations with wider accessibility.

Another, albeit secondary, consideration was proximity and easy access to suppliers and customers. Local accessibility appeared to be particularly important to wholesalers and firms involved in logistics (#19), whilst good communications by rail and air were significant to firms with international interests (#25). Two occupiers relocated in order to get away from an area that, in their opinion, had deteriorated and become undesirable (#9&19).

Exceptions to the parochial approach were the locating of new branches of multinational corporations that took a more strategic view by contemplating potential locations at an international level (#17&27). Another influential factor for large employers was the availability of labour that could be employed on competitive (cheaper) wages than other locations. For instance, #17 rejected Dublin as a location for their call centre because the wages commanded by the multi-lingual staff were higher. In contrast, #27 chose to locate in Tyne and Wear because of the supply of highly skilled labour in the maritime engineering and fabrication sector.

A distinction can be made between local manufacturers and service providers that need to retain their trained staff and have loyalty to their local area, professional service sector firms to whom clients' needs are paramount, and more footloose activities such as call centres that will go where they can get cheap and plentiful labour. Developers of office and industrial property may be able to determine the location of and access to new development, subject to land ownership and planning constraints, but other fundamentals such as wider accessibility, infrastructure, communications and availability of staff are beyond their control.

7.2.3 Theme C – The Influence of Public Sector Intervention

One of the main aims of the research was to investigate the impact of public sector intervention on a local property market, and in particular the influence that it has had on the location decisions of occupiers of office and industrial property. Although the availability of public sector assistance was ranked only seventh out of twelve factors influencing destination in the questionnaire survey, those who had received some assistance rated it the second most important factor (see Chapter 5). The interview analysis has validated and embellished findings generated from the first phase of

research through data triangulation and synthesis. A rich narrative supports and enhances the previous material to convey the significance of public sector assistance to firms and organisations when they (re)locate.

What is apparent from the interviews is that the availability of accommodation that has been promoted or assisted by the public sector, for some companies, influenced their decision to locate in a particular place (#26&27); to some SMEs it can make the difference between survival and failure. However, to most occupiers, public sector assistance was not of critical importance but served to 'soften the blow' or make the deal 'more palatable' or better value (#4,6,25&26). Without such help they would still have done what they had but it would have either happened more slowly or they would have been unable to invest as much in the business.

The overriding attitude of occupiers was to 'get the best deal', to 'take advantage' of the availability of public sector assistance and 'to get as much as they could'. There was a common view that the system in place was there to be exploited. Some interviewees revealed that they could have got assistance but they did not need it and therefore did not apply for it. It was a matter of personal pride that they did not have to rely on the public sector and that their success was down solely to their own endeavour (#12). Other occupiers simply did not bother attempting to get public sector assistance because they believed that it was too much hassle and effort and that they would get little for their trouble. This view was sometimes based on previous (bad) experience of trying to secure assistance or just reflected a general jaundiced attitude about the whole system.

The interviews with large occupiers recorded that the offer of incentives are generally not crucial to them and that they would have made exactly the same decision had the assistance not been available. Two of the five largest employers captured by the survey were interviewed and they both revealed that they had made 'noises' to suggest either that they wouldn't come to the North East (#17) or that they would move away from Tyneside (#15) in order to secure maximum incentives. In fact, the interviewees confirmed that they had no intention of locating elsewhere or moving away but were just 'bluffing'. However, when promising to bring over 1000 jobs to an area or threatening to relocate 1000 jobs somewhere else, then the public sector is likely to be cautious in calling their bluff.

SMEs expressed frustration and resentment that large companies are offered an array of financial and other incentives that they did not want or need, whilst small indigenous firms got little if any assistance. Some SMEs, that did not qualify for any assistance because they did not manufacture nor had some capital savings, felt that the system was unfair because the big cash-rich service sector employers still got grants. Other similar instances have been reported by other researchers, Robinson (Department of the Environment 1994a) described how two small branch companies, in Tyne and Wear, received meagre assistance of £70,000 towards £1m investment.

To illustrate how far some developers, with public sector backing, are prepared to go to attract big companies, one interviewee revealed that they were offered a deal on some new premises located on one of the East Durham EZs (a cold spot, outside the area of study) which would have meant that they would have paid no accommodation costs for ten years. They chose not to take the premises because the locality could not provide sufficient skilled labour. This confirms that the public sector can offer what, on the face of it, would appear to be a deal too good to refuse, but if the fundamentals (of location, access and labour force) are wrong then it will not work. The public sector may be better advised to concentrate on getting the economic fundamentals right rather than trying to distort the market to such a degree that a firm or organisation will take the wrong space in the wrong place because of the incentives on offer. The situation may be different when it comes to footloose, branch plant or call centre operations (see Chapter 4), but the risk of committing resources to lure such occupiers into an area is that the very nature of their operation means that they could soon relocate to a cheaper location.

The evidence assembled from a number of interviewees appears to confirm a view that public sector assistance makes little difference to the outcome of decisions by large employers; resources may be better employed elsewhere, perhaps by being directed at investment in indigenous SMEs. Local authorities and regeneration agencies need to be more sceptical about claims by large local employers that they intend to move away unless they receive generous incentives. A business's most important asset is its workforce and few large employers would risk losing loyal, trained staff by relocating somewhere else for the sake of a few hundred thousand pounds.

Public sector assistance is rarely a decisive factor when office and industrial occupiers are seeking to (re)locate, although for a few it is one of the most influential

factors when determining where to locate. Typically it contributes to the overall package of offer, or to the impression of 'feeling wanted' (#17), and can therefore exert a minor influence on locational choice.

7.2.4 Theme D – Tenure

To some businesses, the ability to occupy their premises on easy-in easy-out terms, e.g. a short term lease on short notice or a longer term lease with a break clause or other opportunities to surrender, was of paramount importance. Most interviewees favoured such short-term flexibility over the security afforded by a long lease and the cost implications and inertia that it creates.

However, a surprising discovery was the number of SMEs that harboured the ambition to develop and own their own premises (#1,2,11,20). Firms had become frustrated with the lack of supply of suitable accommodation and wanted to buy some land on which to construct their own purpose-built or bespoke premises. This would allow them to tailor the property to their needs, take control of the costs, make reducing mortgage payments (in real terms) rather than paying 'dead' rent and create an asset for the future. Interviewees explained that this 'do-it-yourself' ethic was generally frustrated by a lack of available small sites, a lack of finance and difficulties with the planning system.

A notable exception (#11) was given the opportunity to design and build its own premises on half a development plot by TWDC. It is disappointing that this successful experiment has not been repeated. In the absence of the market providing such opportunities there is a role for the public sector to make small, serviced industrial and office (B1) development plots available for businesses to build their own premises on. Further help with the financing of development, such as subsidised, fixed interest mortgages or underwriting/guaranteeing of commercial lending, may also be necessary to make this model work. Arguably it would still offer better value for money to the public sector than paying capital grants or giving tax breaks, because most loans would be paid back in full.

Mazzarol et al (2003) reported that the most compelling reasons for firms wanting to relocate were the desire for freehold ownership and the need to find a larger site. They noted that the desire of many large firms to lease rather than buy the land (premises) was in contrast to small firms whose owner-managers viewed purchase

as a personal acquisition; one interviewee (#11) indicating that the premises he had bought to accommodate his firm *were* his pension.

A counter argument from an economic perspective to such an approach would be that businesses should not invest large amounts of capital in real property or get involved in the development process because this diverts resources away from their mainstream business. For some partnerships, owner occupation is not an option because it creates a power block, amongst the senior partners, that may cause inertia and other problems later on due to individuals' property interests. Also, some firms prefer renting because it is quicker, more flexible and less complicated. However, given the number of interviewees that expressed an ambition to own their own premises, there appears to be a significant minority of businesses which would like to pursue the opportunity of owning their own premises.

7.2.5 Theme E – The Contribution of Property to Business Performance

Despite increasing recognition of the contribution of property to business performance (see Roulac (2001) & Roulac et al (2005)), most interviewees confirmed that their organisation did not have a company property strategy. This was not surprising given the generally low regard given to property in corporate plans and strategies (see Osgood (2004) & Roulac et al (2005). Nonetheless, all interviewees had little doubt that their move to new premises had been the right decision and most expressed satisfaction with the positive contribution that property had made to the performance of their firm or organisation, most notably in improving the morale and productivity of staff, reinforced by the frustration of interviewees that their inadequate old premises were not up to the job, and their relief at escaping from them.

The response of interviewees to the question 'Do you think that you made the right decision to move?' was clear and passionate:

- "110% yes!"* (#9)
- " Absolutely, 110%, no doubt about it!"* (#19)
- "Yes, completely, no hesitation."* (#25)
- "It was absolutely, undoubtedly the right decision.....unequivocally yes. It is an asset; it is everything we thought it would be."* (#4)
- "We definitely made the right decision to move."* (#12)

"I have no doubt it was the right decision."

(#11)

"Everything has been positive; it was the right sort of building; it has had a positive effect."

(#1)

These responses may be tainted by a degree of post-hoc rationalisation to create a 'halo effect' and their unanimity because failures will have disappeared or be less willing to be interviewed, but there did appear to be genuine satisfaction and enthusiasm for the moves on the part of the interviewees.

They identified that moving to new premises had allowed them to secure a better working environment, improve facilities and capacity, accommodate ICT and new staff, amalgamate previously fragmented operations and achieve efficiencies. The new premises were often described as an asset to the business. One firm (#11) suggested that moving to a new building had retained their existing customers and contributed to the securing of new ones, without which the firm would have gone bust.

"I honestly think that the company would have gone under without the new premises because you have got to have the ability to expand. If we hadn't moved here we wouldn't have survived, the company would no longer be in existence. The premises stabilised everything."

(#11)

However, it is a matter of debate as to how much of any improvement in business performance can be attributed to property itself. In some cases a move may make the difference between success and failure, but to most industrial and office occupiers their property makes a relatively minor, although positive contribution to their performance. Without prompting, three interviewees estimated the size of the contribution to be around 10% of their business (#2,14&25).

Moving to new premises usually increases overheads as a result of occupying more expensive space, although the increase in costs is accompanied by a commensurate increase in turnover. Bigger, better premises allow industrial occupiers and back-room office functions to increase their capacity and efficiency, and professional service employers can attract higher fee earners, retain existing staff and increase market share (#1,4,13,17,22,26) (see Roulac (2001) & Roulac et al (2005)).

Property may not be the most important factor in a firm's success but it can influence the performance of the people that are, the employees. There is a need for further research into the contribution that improved working conditions can make to the productivity and morale of staff and the way this feeds through into business performance and ultimately into demand for the sort of property that can bring these improvements about. This also has implications for the management of property to ensure that conditions that may inhibit productivity and suppress morale are identified and dealt with.

7.2.6 Theme F – Structure, Change and Rules

Interviewees acknowledged that their property requirements are influenced by changes in some of the structural components of their business, such as their product/service range. Increasingly property is being aligned with business strategies so that consolidation, amalgamation, out-sourcing, downsizing, integrating, takeovers and general re-structuring will shape an organisation's property requirements. For example, remote decisions taken overseas that result in dramatic domestic changes (#24) represent the branch plant syndrome in an increasingly global market. Similarly, in the public sector, remote decisions can be made, for example a decision to reorganise or reconfigure an organisation may be made at national or regional level with little consideration for local impact and costs (#21).

Some business sectors are very dynamic and volatile and have a powerful influence over the performance of firms in them, for example the insurance industry (#15&17), sports clothing trade (#24), mortgage industry (#14), travel and tourism (#22) and offshore oil and gas exploitation (#10&27). It is impossible for firms in these sectors to insulate themselves from market fluctuations, all they can do is ensure that they are as flexible and competitive as possible to ride out turbulence and exploit up-turns in the market. Property can often be a hindrance in such times, characterised as a short to medium term fixed-cost liability, which is why many of them seek either flexible tenure arrangements or greater control over their own premises. Roulac et al (2005) confirm the need for more physical and financial flexibility from both industrial and non-industrial property.

Interviewees described a range of external circumstance that impacted on their property related decisions. It is difficult to categorise these but a number related to lease terms, conditions and expiry and other legal restrictions. Another was

focussed around relationships with major clients, for example the single franchise agreement that affected the way a motor trader managed its property portfolio (#20&23). In some instance the practice and tradition of a market sector may influence property matters such as the use of local postcodes to determine tender lists (#13) or a business's tax status (#7).

Some interviewees expressed frustration at the obstructive nature of a lot of central and local government intervention, in the form of rules and regulations, such as planning, land ownership, special area designation and funding. The main source of dissatisfaction was the reactive and uniform approach applied to the variety of unique circumstances that can arise and the blight caused by delay and uncertainty of outcomes. Business occupiers need choice and flexibility in both the premises they could occupy and the terms on which they are available. The RICS has introduced a voluntary code of leasing practice (Commercial Lease Working Group 2002) but if landlords do not enter into the spirit of the code then the Government may compel landlords to offer commercial and industrial property on a range of flexible, tenant-friendly terms.

7.2.7 Theme G – Market Perceptions

Some firms and organisations sought to differentiate themselves from their competition through the premises that they occupy. This under-acknowledged contribution of property was significant to occupiers who wanted to make a statement about themselves, who they are, what they stand for, to convey an impression of credibility, reliability and professionalism or to create a new identity for themselves and break the mould.

'We characterised ourselves by what we didn't want to be'.

(#2)

This phenomenon is perhaps most apparent in the professional and financial sectors where firms want their clients to be confident in their ability to deliver a high quality service. For example a legal firm wanted a remote site on the riverside, away from the city centre (#2) and a financial firm wanted to disassociate themselves from the 'high street' (#14). Other sectors use property in a similar way, to fill a market niche or offer a specialist service. Even the motor trade was seeking to destroy some of the stereotypes associated with it.

“Some people are surprised (when they visit the new offices), perhaps they have a different (negative) perception of the motor trade.”

(# 20)

“I wanted to be on a high quality, campus style, business park near brand leaders, (to give) a clinical edge. A slick professional attractive image influenced the purchasing of high value medical equipment. (It created) confidence in the firm and its ability to deliver high quality, to become the brand of choice. It influenced the sales team and sends out a positive message and sets high expectations.”

(# 29)

“We were bidding for contracts from BAe and they sent a guy up and he said, ‘the work you’ve turned out is really good but I cannot for the life of me give you the contract because you’re in this tatty little factory’. Since we got this (new) place we have been able to quote for bigger contracts. I honestly think that (if we hadn’t moved) the company would have gone under.”

(#11)

The performance of a business may come down to the perceptions of clients, customers and market competitors and interviewees were only too aware that the location of a firm or organisation, and the premises it occupies can position it positively or negatively. Some interviewees were of the opinion that modern premises portrayed them as a go-ahead, vibrant and contemporary business. A legal firm specifically chose a new building rather than opt for the ‘traditional sandstone of Grey Street’ (#4). However the new premises ‘could not be too ostentatious otherwise the clients might think that they are being taken for a ride on fees.’

These findings are verified by the results of the chaining survey that captured the flight of businesses escaping from deteriorating premises in undesirable areas that damaged their performance. Giving a bad impression can be costly. It is important to recognise the blight and negative externalities that can be generated by a dilapidated local environment and it is in precisely such areas that regeneration agencies should be focussing their attention and resources. Significantly, the locations where many of the vacant chain-end properties are situated exhibit just such characteristics.

7.2.8 Theme H – Property (physical) Characteristics

The material compiled in the interviews under this theme reinforces the findings of the questionnaire survey that ranked the factors that most influenced business occupiers’ choice of location. Listed below are the specific characteristics identified

by the interviewees as being significant in their choice of location and premises, most of which are the same as those ranked in the questionnaire survey. Appearance, new building, size and space are all components of the quality or suitability of accommodation. The three other characteristics not explicitly listed in the questionnaire survey (access, availability, security) were captured under the 'other' category. The interviews support and validate the factors ranked in the questionnaire survey but offer a greater detail and clarity about the specific requirements of occupiers.

Table 7.2.8 – Property Characteristics Identified by Interviewees Cross-referenced to Results of Questionnaire Survey

Characteristic identified at interview	Elaboration	Counterpart in questionnaire survey	Ranking (out of 20)
Access	Ease of, particularly vehicular (see Theme B)	Other (one of)	1
Appearance	Architecture, style etc (see Theme G)	Quality	3
Size and Availability	Big enough, sufficient capacity What is available at the time	Other (one of) Quality	1 3
Car parking	Quantity, cost, security	Car parking	8
Environment	Quality & aesthetics	Environment	10
Facilities & services	e.g. air conditioning, heating, specialist facilities	Facilities	9
Grants	Public sector assistance (see Theme C)	Assistance offered	7
Infrastructure	Transport, communications & ICT	Transport	5
Lease terms	Flexibility of (see Theme D)	Other	1
Location	Proximity to staff and customers	Location	2
New building	Impressions and efficiency	Quality	3
Occupation costs	Overheads	Value for money	4
Price	Trade off between costs & value	Value for money	4
Security	Vulnerability to crime; prevention measures	Improved Security	6
Space	Flexibility, configuration	Quality	3
Workforce	Availability, wages, skills	Workforce	11

N.B. ranking has been re-numbered due to removal of 'expansion' previously ranked 4, because it was a reason to move rather than a factor influencing where to move to.

As well as identifying a wide range of property characteristics that are significant to office and industrial occupiers, the interviewees described two related reasons for moving to new and 'better' accommodation. Firstly, firms and organisations used the move to new premises as an opportunity to align property with the upgrading and modernisation of their business operations. The ability of premises to accommodate new technology and equipment, new production processes or restructured operations was an important consideration when choosing a property. For example, the need to introduce new working practices may require open-plan office space or new manufacturing equipment may need to be laid out in a particular configuration.

Secondly, firms and organisations wanted to improve the quality and functionality of the accommodation that they occupy, which often went hand in hand with the need to escape from inferior premises that were causing the business difficulty and impairing performance. Some interviewees were incredulous at the conditions that they had previously tolerated and it was only once they had moved to better accommodation that they could appreciate how bad their old premises had been.

One interviewee described their old offices as:

"a squalid hovel, abysmal, appalling, totally unsatisfactory, over-crowded and with poor infrastructure."

(#9)

Other interviewees were less damning in their criticism but nonetheless recognised the limitations of their old place. A printing business (#26) were surprised how they ever coped in a multi-storey building; a legal firm (#4) reflected on the difficulties of running a practice from three separate offices, none of which had a ground floor presence.

Property occupiers are able to specify and describe the space that they want or need to occupy, with reference to the accommodation that they currently do, or previously did, occupy. Such a comparison provokes a strong, clear description of the most significant property characteristics that occupiers were seeking to acquire or leave behind. Occupiers' views and opinions about their changing property needs are too often neglected by developers, investors and other agencies, resulting in a mismatch between the supply of new accommodation and occupier requirements. To tackle mismatch, more time and effort needs to be spent talking to occupiers about their needs, to better understand how they may be met. Organisations must also

reciprocate, by translating their organisational strategies more effectively into real estate action (e.g. Strategy Alignment Model, Osgood (2004)), recognising their property requirements and conveying them clearly to property providers.

7.2.9 Theme I – Time and Chance

Some firms and organisations moved to new premises to secure greater certainty or to avoid uncertainty. This was often related to the degree of control that they could exert over their manufacturing production or service provision, a major contributor to which were the premises in which such activities take place. The decision to choose one property or location over another sometimes came down to the confidence that the occupier had in one option over another. Where there is doubt and uncertainty there is risk, and most businesses will try and avoid risk, preferring instead a more certain outcome over which they have greater control. This is another example of satisficing behaviour and is also reflected in the 'do-it-yourself' ambitions of some occupiers to procure and own their own premises (see Theme D).

Examples of uncertainty described by interviewees included the prospect of being the first occupier on a new development, the go-ahead for a project being dependant on a bid for funding being successful, doubt over contractual arrangements and the degree of confidence in developers or owners to deal with problems rapidly and effectively.

However, being choosy and prevaricating also carries its own risks, such as missing the opportunity to acquire accommodation, resulting in further delay and having to accept an inferior option. Timing is crucial and occupiers that do not plan ahead have to make-do with the office or industrial accommodation that happens to be available at the time that they need to move, rather than working towards a preferred solution over a number of years.

The success of two occupiers in delivering major projects in impressively short timescales (#17&27) was down to comprehensive planning beforehand and rigorous project management throughout the construction phase. The two projects were delivered in time frames that belie their complexity and scale. In contrast, it is a revelation to some firms and organisations that they urgently need more space and they will immediately set about finding new accommodation. For example, a print and despatch business (#6) suddenly realised that they needed more space and took

only a few weeks to find a new building. The interviewee acknowledged that they had been very fortunate that a building of the right size, in the right location, had been available at the time that they needed it. Barovick et al (2001) confirm that six week implementation timeframes are not unusual.

“We had to be able to go straight in; availability of it was instant, that made a big difference. We needed to move in to a new building within three weeks. We were lucky the units were available.”

(#6)

Some interviewees identified external shocks over which they had no control, but which triggered a response that manifested itself in a change in their property requirements. Examples of such catalysts of change included being made redundant by a previous employer, a business going into receivership or being rationalised, the Meadowell riots, 9/11, arson attacks and the loss of an important contract. Some of these shocks could not have been anticipated (9/11, Meadowell riots, arson attacks) whereas other events could be anticipated to some degree (receivership, redundancy), but the interviewees acknowledged that things would have been different if such events had not occurred.

The public and private sectors cannot legislate for such chance or freak occurrences but property occupiers can help themselves by having an up-to-date property strategy and periodically reviewing the adequacy of their existing accommodation. An example of provision for just such an event was the identification of a vacant office building on SEP that was retained as disaster recovery space for a number of organisations to use in the event of their own office premises being put out of action, for example by an act of terrorism.

7.2.10 Theme J - Decision

Interviewees described a variety of different ways that they went about making the two important decisions explored by the research, firstly that they needed to move and secondly where they should move to.

A few large corporate occupiers considered a wide range of locations on a national and sometimes international scale (#15,17&27), where a number of options were narrowed down to a shortlist, before one was chosen.

"There were a hundred sites to begin with, which was whittled down to six contenders, then down to Glasgow or Sunderland; the other options fell away and Doxford was left standing."

(#17)

In contrast, many interviewees described how they had little choice but to relocate and the decision was an easy one to make (a 'no-brainer') due to the lack of availability of suitable alternatives.

"There wasn't a decision, there were only three or four business centres we could have looked at. We only looked at two in the end and another mortgage company was in the other one. It was a no-brainer."

(#14)

"The decision almost made itself. It evolved very quickly; this has got to be the site!"

(#4)

"The decision made itself."

(#2)

Decisions were made in different ways depending on the type of organisation involved and its corporate structure and culture (see Massey 1984). In small firms, important decisions were typically taken by the proprietor or owner of the business, although a similar model was also prevalent in larger limited companies where the chief executive would determine matters. In partnerships, whether small or large, there needed to be unanimity between the partners and this was achieved through a more intimate decision making process.

"As a partnership you need unanimity. All the options were going in the minds of some of the partners. We couldn't get it until Ferryboat Lane came along. I thought 'thank god! At last there's something that everybody can be reasonably be happy with. That's it we're going!'"

(#2)

"We presented the culmination of the work to the partnership as a strongly backed recommendation. It was not a totally corporate decision; it is more touch-feely in a partnership. You use different tactics. You get the decision made outside and informally. We managed the outcome. The watershed decision was a Saturday morning partner's meeting. The partnership interrogated the team that had made the recommendation. We went to the partnership for approval but the managing team had already made the decision to go to the quayside."

(#4)

"We put a document together to go to the board. There was lobbying. The head of property services would have rung his boss on the board to make sure the message got up there."

(#17)

Large companies and organisations may employ consultants to advise them on where to (re)locate. In order to secure the best deal for the client, the consultants would sometimes unpick the companies' preconceived ideas and plans and open their eyes to other alternatives. The final options would be presented to the board with one strongly backed contender and the directors and board members would interrogate the consultants. However, the result would often be a formality, because the important decisions had been made outside the boardroom by influential directors, and the approval by the full board and managing director was simply a rubber stamping of a pre-determined outcome.

From the detailed analysis of the interview material it became apparent that in some instances the decision to (re) locate, and where to move to, were strongly influenced by particular individuals. This finding accords with Adams et al's (1994) observation that the priorities and personal preferences of decision makers can have a strong influence on the outcome of decisions. In certain conditions, the identification of a need to change, the search for new premises and the move itself, was driven by a particular person who had the vision and determination to see the process through to completion. These individuals convinced others of the need to change, often expressing verbally what others were thinking, and carrying colleagues with them towards what had then become a common goal. The conditions for this to occur tended to exist in the small and medium sized businesses where one person can exert such an influence. In larger corporate organisations the hierarchical structure means that decisions were made at a high level but then carried out by other people, with little further influence from the person who made the original decision.

“Get me a 100,000 square feet facility!” were the only words he said to us.”
(#17)

Mazzarol et al (2003) found that differences exist between the small, owner-managed firm and the larger 'footloose' company in relation to the purchase of industrial land and premises. SME managers purchased land and premises from a personal perspective and were closely involved in the decision-making process. Proximity to customers, their own homes and access to amenities were of greater importance than more fundamental issues such as transport and logistics. They believed that most small firm owner-managers lacked adequate resources to assess all the variables likely to impact on their decision.

'By contrast, bigger 'footloose' firms placed high importance on three issues: market, transportation and labour accessibility. The organisational behaviour of large firms is frequently a multi-phase, multi-person, multi-departmental and multi-objective process. Central to this complex process is a group of people that form an informal, cross departmental decision unit known as the 'buying centre'

(Mazzarol et al 2003 p205)

It was apparent from the interviews that networks, both internal and external to an organisation, were influential in determining where to relocate. Internal politics dictated the tactics that were required to reach the 'desired result'. For instance, when relocating to Newcastle quayside, a partnership had to 'buy-off' one of the doubters, another consultant effectively stage-managed the visit of a director from head office to ensure that they chose the 'desired option' and to think that they had made the decision independently.

"Even the sceptics came to applaud the decision. One partner said 'over my dead body would I go down to the quayside', and the subtlety is that we bought her off by giving her one of the best views in town, she's on the fourth floor on a corner window with a magnificent view of the river."

(#4)

"I stage-managed the whole thing for SEP to come out best. I engineered it for the delegate to think he had made the decision. I chose three locations to look at. Team Valley was less up-market, we went to NBP when the tide was out, via Scotswood and Rye Hill."

(#29)

External networks were more important to smaller organisations that couldn't afford to employ relocation consultants, in providing additional information and identifying opportunities. Common external contacts were local authorities, regeneration and economic development agencies (e.g. EP, TEDCO, TWeDCO, TWDC), employment and skills quangos (e.g. TECs, Business Link, SBS, LSCs), commercial property agents and miscellaneous individuals that occupiers had previously received help and advice from.

One sentiment that was expressed by a number of interviewees was the importance of the person(s) making the decision being the one(s) who was going to have to live with it. Examples of this were the proprietor of a new business start-up, the office manager of a new branch and the involvement of the younger generation of partners in the relocation of a legal practice. This contrasts starkly with decisions over the future of branch plants being made remotely by their parent companies. The

managers in the branch plants felt helpless and did not always agree the decisions made, sometimes abroad, or understand the rationale behind them.

The interviews revealed that different firms and organisations adopt a variety of approaches when making decisions about satisfying their property requirements that are predominantly sub-optimal in nature. Occupiers generally operate within bounded rationality to make satisficing rather than (profit) optimising decisions. The field of occupier decision making offers rich and interesting opportunities for further research.

7.3 Chapter Summary

The constant comparative method proved an effective method with which to analyse the interview material. Significant statements made by interviewees were first identified then reassembled under 18 'strand' headings. By doing so it was possible not only to identify the 'sub-strands' that made up each one but also to derive 10 cross cutting themes that represented all strands and sub-strands. The results of the analysis of the interview material are presented under these cross cutting themes (A to J), some of which are echoed in recent Government guidance on assessing the impact of spatial interventions that identifies physical, legal/statutory, market and political constraints as being relevant for evaluation as they are components of the counterfactual and need to be considered in terms of how they conditioned the outcomes delivered (Office of the Deputy Prime Minister 2004a).

The analyses and findings of the in-depth third phase of research have been triangulated with the more tentative findings suggested by the first phase of research (see Chapter 5) to improve validity. The interviews represent a broad cross section of firms and organisations, ranging from small manufacturers to large multinational corporations, the profile of which is similar to that of the total population of the survey.

7.3.1 Key Findings

Most office and industrial occupiers move in order to facilitate expansion. Indeed many firms expand further within their new premises or into adjoining premises as they become vacant; if they are unable to do this they have to contemplate moving sooner. Property does not cause growth but it may inhibit it. A supply of vacant premises needs to be available to office and industrial occupiers to allow pent up

growth to be released, without which expansion and growth would be hindered (see Forthergill et al (1982), Fothergill et al (1987), Turok (1989), Lawless et al (1994), Guy et al (2002b)).

There appears to be a general lack of medium term space planning amongst office and industrial occupiers and a near absence of company property strategies. Many firms and organisations only start thinking about their property requirements when they realise that they have a problem.

The biggest consideration for most employers, in terms of their location, is proximity to their workforce, who are rightly regarded as the most important assets of any firm or organisation. As a result, most occupiers do not look very far afield when relocating. By contrast, new branches of multinational companies are footloose and will contemplate locations at a national and sometimes international level.

The decisions to (re)locate and where to move to are often dominated by influential individuals either within the firms or organisations or employed by them. The way in which decisions are made depends on the size and culture of the organisation. In small organisations the proprietor will usually determine the outcome, in larger organisations decisions are made by what Mazzarol et al (2003) call the 'buying centre'. Tactics are employed to ensure the decisions made by meetings of board members or senior partners are a forgone conclusion. Some decisions made in respect of property are influenced to a significant degree by external factors, often related to market conditions of a particular sector of the economy.

The availability of public sector assistance is rarely a decisive factor when office and industrial occupiers are seeking to (re)locate but can be influential when the choice between competing locations is marginal. Some large employers appear to use their bargaining power, by virtue of the number of jobs that they may 'create', to lever in public sector assistance, a large proportion of which amounts to deadweight payment because they would still have located where they did even without the incentives. However, grant funding has contributed to increased scale of operations and more rapid growth than may otherwise have occurred. Some smaller occupiers expressed frustration that large cash rich firms receive public sector assistance that generates little additionality, when they themselves are unable to secure relatively modest funding.

All the interviewees were adamant that they had made the right decision to relocate/move to their new premises, although it is difficult to quantify the contribution that property has made to the performance of businesses. Further investigation of the particular contribution of property to the productivity, performance and morale of staff, as well as their recruitment and retention, would make a valuable contribution to the burgeoning area of corporate real estate research. Although the physical characteristics of property, recognised by the interviewees, were much as expected and verified those factors captured by the questionnaire survey, the use of property by businesses to project an image, create a perception and differentiate themselves from competitors is an aspect that is also worthy of further investigation.

There are gaps in the provision of employment space in Tyne and Wear, particularly of medium-sized units and hybrid office/industrial space. The private sector does not always provide the range of accommodation that office and industrial occupiers require, particularly 'move-on' space for expanding SMEs. Office and industrial occupiers generally prefer flexible terms of tenure, although some SMEs have ambitions of owning their own premises. A lack of small development sites for the construction of bespoke accommodation frustrates most of these ambitions. The role of the public sector in office and industrial property markets should be to ensure that an adequate supply of accommodation is available to occupiers across a range of size, type and tenure.

The next chapter concludes the thesis with a review of the aims and objectives of the research, an overview of the main themes arising from the work and consideration of its limitations, before offering some policy recommendations and identifying opportunities for further research.

CHAPTER 8 - CONCLUSIONS

8.1 Introduction

The final chapter concentrates on the most significant conclusions drawn from the three phases of research, the majority of which emanate from the latter two phases, the first survey phase being a necessary precursor to the chaining exercise. The findings and conclusions are grouped and presented under six headings that cover, but do not precisely coincide with, the four main threads of research that flow from the occupier 'chain' and 'decision' strands of the research framework (see Figure 1.1). Inevitably there is some overlap between them because many of the conclusions were derived from triangulation of data and findings generated by the three discreet phases of research. The chapter concludes by summarising the most significant limitations of the research, recommending a range of responses that the public sector could contemplate in order to improve the efficacy of its intervention, and identifying opportunities for further research.

8.2 Review of Aims, Objectives and Key Questions

The research has fulfilled two aims:

- To reveal the extent of occupier displacement generated by office and industrial developments assisted by property-led regeneration policies
- To better understand the influence of property-led regeneration policies on the occupation of office and industrial property

and met four objectives:

1. To measure the scale of displacement generated by office and industrial developments assisted or promoted by property-led regeneration policies
2. To assess the degree to which vacated properties are re-occupied through filtering and determine the extent to which new accommodation has contributed to vacancy

3. To identify the factors that most influence the relocation decisions of office and industrial occupiers
4. To investigate the importance to industrial and office occupiers of the opportunity to move to 'new' premises

It has also delivered the subsidiary objective of assembling detailed profiles of the twenty most significant office and industrial developments in the case study area and compiling lists of their occupants.

Ultimately the research has been able to provide some answers to four key questions:

Why is displacement important to the success or failure of regeneration policies?

Why are property occupiers important to our understanding of displacement?

What factors influence office and industrial occupiers in making decisions about their property needs?

How does their decision to move relate to the issue of displacement?

8.3 Key Conclusions and Findings

The research addresses deficiency, identified by English Partnerships (2004), in research into the size (and spatial distribution) of displacement generated by intervention in land and property markets (see 2.4). The case study of Tyne and Wear also conforms to ODPM (2004) and Treasury (2000) expectations of research that attempts to measure the impact of intervention on a designated area.

The survey of 20 office and industrial developments in Tyne and Wear covered over 500 buildings totalling in excess of 500,000 square metres (5,500,000 square feet) of accommodation on nearly 500 hectares (1200 acres) of land, occupied by over 800 firms employing over 25,000 people, the total investment in which exceeded £2bn

(see 4.4.2 & Appendix A). It recorded that over half (52%) of all office and industrial occupiers on the 20 developments had relocated within the conurbation (see 5.3).

The application of the chaining technique to a conurbation-wide study of office and industrial occupier displacement is an original piece of research and makes a valuable contribution to our understanding of how occupiers respond to the supply of new accommodation. The study of over 500 firms, and the investigation of 376 chain ends resulting from 251 occupier chains across a single conurbation, is one of the most comprehensive exercises of its type attempted in the United Kingdom (see 6.1). By identifying the origin of the occupiers of new office and industrial accommodation and pursuing the chains to determine how they ended, it confirmed that the supply of new office and industrial accommodation had resulted in immediate vacancy elsewhere in the conurbation, recording that 36% of chains ended in vacant premises (see 6.3). When the 130 vacant chain-ends were revisited four years later it was found that nearly two thirds of them had been reoccupied (see 6.10.2)

By mapping the spatial distribution of the chain-ends by status the locations where vacant property was concentrated could be revealed together (see 6.8). Vacant chain-end property was commonly located in areas with poor infrastructure and weak occupier markets that struggled to absorb the space vacated by relocating firms (see 6.9). Revisiting the previously vacant chain-ends revealed the location and characteristics of persistently vacant property that had not been absorbed by property market filtering (see 6.10.2.2).

The third phase of research built on the work of the first two. The phases are mutually reinforcing with the results from the first phase being used to underpin the interview analysis, the conclusions of which validated the more tentative findings suggested by the earlier phase. The interviews represent a broad cross section of firms and organisations, ranging from small manufacturers to large multinational corporations, the profile of which is broadly similar to that of the total population of the survey (see 3.7.1). Interviewees described a variety of different ways that they went about making the two important decisions explored by the research, firstly that they needed to move and secondly where they should move to (see 3.7.2 & 7.2.10)

A synthesis of the results of the first and third phases of research has verified that most office and industrial occupiers relocate in order to facilitate expansion (see 7.2.1). Triangulating all three phases of research has revealed, not only the

importance of new office and industrial accommodation in facilitating occupier growth, but also the contribution made by accommodation that becomes available to smaller occupiers further down the property ladder. Most property released by occupier relocations is absorbed by the expansion of existing firms and organisations or by new start-ups in a process known as the filtering effect (see 2.3).

The final analysis provides a rich and complex narrative to complement the earlier empirical work, and offers more sophisticated insight into the impact of property-led regeneration policies on local property markets compared to the crude and one-dimensional measurement of outputs that typifies most policy evaluations (see Figure 1.2). Although the measurement of additionality and outcomes offers a more rounded (two-dimensional) perspective on the performance and efficacy of policy interventions, evaluations of this type of still fail to adequately recognise the complex business and institutional environment within which property occupiers operate (see 2.2.1). By listening to what property occupiers have to say a better understanding of, not only how they respond to the supply of new accommodation but why they make the decisions they do, is possible. Engaging with firms and organisations in this intimate way achieves a depth of understanding (a third dimension) that is sadly lacking in most policy evaluations (see 7.1).

A by-product of the review of property market modelling was the representation of occupier displacement and property market filtering effect using a flow diagram (see Figure 2.3f) inspired by P. Fisher's (unpublished) model of a commercial property market (see Appendix E). The model accommodates the operation of occupier chains and illustrates how concepts used in the research, such as displacement and filtering, may be embedded within property market theory.

The following six sub-sections summarise the key findings of the research:

8.3.1 Displacement, Vacancy and the Spatial Distribution of Chain-end Properties

The supply of new office and industrial development, promoted and assisted by public sector intervention, and the subsidising of its occupation, causes displacement of office and industrial occupiers (see 2.4). Ascertaining the status of office and industrial occupiers was essential in order to carry out the chaining exercise (see 3.4.5), but also permitted profiling of the developments and business sectors to identify which had generated the most displacement (see 5.12.1 & 5.12.2).

The questionnaire and telephone surveys recorded that the majority (52%) of occupiers of office and industrial accommodation, that had received some form of public sector assistance, had relocated within the Tyne and Wear conurbation (see 5.3). The high level of displacement casts doubt on the accuracy and reliability of outputs claimed by Government regeneration programmes and agencies that do not allow for the displacement of activity from elsewhere in an urban area. However, the supply of new accommodation, by generating displacement, releases property further down the property ladder and triggers occupier chains and property market excitation that can have a positive impact on the performance of local business (see 2.4.2).

Transfers and branch relocations accounted for more than 60% of the occupiers on seven of the 20 developments (see 5.12.2). The developments themselves did not determine the outcome of the chains but, if the chains are only one link in length, then the origin of occupiers attracted to a new development, may in part be determined by its proximity to existing office and industrial accommodation that may be vulnerable to competition. The chaining exercise revealed that developments have different spheres of influence, with high quality office schemes attracting occupiers across the conurbation, whilst more modest projects generated mainly local displacement.

Encouragingly, more than half of all chain-end properties were reoccupied, through the operation of the filtering system, by new firms or expansions of neighbouring firms (see 6.8). Space freed up as a result of one occupier relocating may create a positive opportunity for others that are looking for accommodation in an area. However, 36% of chains ended in vacant property elsewhere in the conurbation. Thus, the supply of new office and industrial property does create vacancy elsewhere in a conurbation. The distribution of this vacant property was not uniform, but tended to be clustered in particular areas that were not robust enough to immediately re-absorb the vacant office and industrial space (see 6.9).

Revisiting the vacant chain-ends recorded that most were no longer vacant and confirmed that office and industrial property continued to be absorbed through a filtering process (see 6.10). It would be necessary to pursue the extended chains further in order to establish the status of the new chain ends, as well as to revisit all previously recorded chain links, in order to get an accurate picture of the overall incidence of vacancy in the medium to longer term.

The chaining survey captured the flight of office and industrial occupiers from inferior premises in 'undesirable' areas, where they felt that their business performance was being impaired (see 6.8). A downward spiral effect may be created, where vacant chain-end properties cluster in areas already stigmatised by poor image and environment, further contributing to the negative externalities from which these areas suffer. Locations with more robust and buoyant markets were better able to cope with the loss of occupiers to new developments and as a result the chaining exercise recorded relatively low levels of vacancy (less than one in every three chain properties remained vacant). Such locations have some resilience and are still sought after by other occupiers who will take up the vacant space. Other locations lost occupiers, but had not been as successful in achieving take-up of vacant property (see 6.9).

This concentration of vacant chain-ends, described by Robson et al (Department of the Environment, Transport and the Regions 1998a) as 'hollowing out', was most noticeable in Grainger Town in Newcastle, the eastern fringe of Sunderland City centre and Washington New Town (see 6.9). All three locations had lost occupiers to new developments resulting in increased levels of vacant property. Fortunately for the former, the grant funding and a strong housing market, has encouraged conversion of some of the vacant space for residential use. A similar ambition is fostered for east Sunderland. Washington is very different, with a large stock of ageing industrial buildings, needing rehabilitation but unable to compete with the Tyne Riverside EZs and Team Valley.

There is a dichotomy between the desire to stimulate local property markets to supply new modern accommodation for local businesses and inward investors, and the negative side-effect of this activity in exacerbating the polarisation between buoyant and failing local property markets.

8.3.2 Expansion and Growth

The research identified four types of expansion (see 7.2.1), firstly single site operations expanding by relocating, secondly the consolidation of multiple sites under one roof, thirdly new branches of a larger organisation being opened, and fourthly the absorption of vacated space by neighbouring occupiers. All generate different degrees of additionality, the first two generate displacement and potentially

some new jobs, the latter two do not constitute displacement thus all jobs created are net new. If new branches import a lot of workers from facilities elsewhere then the level of additionality is reduced.

Of the 510 employers surveyed, 32 were unable to provide data and 60 recorded no change in the number of employees (see 6.2). Of the remaining firms and organisation, only 27 had fewer employees after the move, but more than three quarters (391) had increased their workforce either on moving or after having moved. Over half of the jobs located on the developments were new, two-thirds of which had been created by new firms (new branches and start-ups), and one-third by the expansion of relocating firms. The remaining 46.5% of jobs had been displaced from elsewhere in the conurbation.

By studying job creation by development it was apparent that some locations generated many new jobs, up to 80% of employment in some cases, whereas other developments created relatively few (see 6.2). Predictably, developments providing starter/nursery units recorded a high percentage of new jobs, although the nominal figures were low. It was observed that both industrial and office developments accommodated high numbers of new jobs. Generally developments that had attracted new branches from outside the conurbation generated the highest numbers of new jobs, whereas developments that caused local displacement generated fewer.

The questionnaire survey revealed that most office and industrial occupiers moved in order to expand, although relocating also facilitated reorganisation and restructuring (see 5.9). The interviewees, with the exception of three firms, had all expanded since moving, in respect of turnover, employees and floorspace occupied. Some had expanded further within their new premises or into adjoining premises as they became vacant; if they were unable to do this then they had to contemplate moving again, which a number of them were in the process of doing.

Many firms and organisations are on an expansion trajectory; once they have started growing they must keep going (see 7.2.1). Pressure to expand builds up over time at different rates; some occupiers were conscious of this; for others, the need to expand crept up on them unawares and they then had to move quickly to alleviate the pressure. There was a general lack of medium term space planning amongst office and industrial occupiers and an almost complete absence of company property strategies. Many firms and organisations only started thinking about their property

requirements when they realised that they had a problem but need to take a longer term view of their future property need to avoid having to take additional accommodation, at short notice, that may not meet their ideal requirements.

Property does not cause growth, but without an adequate supply of vacant accommodation, expansion plans may be frustrated and growth inhibited or delayed (see 7.2.1). The availability of the right sort of space to meet occupiers' needs is a pre-requisite if the growth potential of businesses and organisations is to be fulfilled. Lack of suitable 'new' accommodation combined with tenure and other market rigidities, causes inertia and stifles the ambitions of some office and industrial occupiers to expand. A greater choice of sites, premises and tenure, including the provision of serviced sites with opportunities for design and build of bespoke premises, would address some of the unsatisfied needs of firms.

The under-provision of medium-sized industrial units and hybrid office/industrial accommodation in Tyne and Wear, particularly 'move-on' space for expanding SMEs, has already been recorded by other market surveys (see 4.4.1.2). Interviewees expressed frustration at the lack of small development sites on which to build their own, bespoke, accommodation (see 7.2.4). When the private sector does not provide the range of employment accommodation or development opportunities that growing office and industrial occupiers require, then the public sector needs to consider a range of complementary policies and interventions to ensure that an adequate supply of accommodation is available to occupiers across a range of size, type and tenure (see 7.2.1).

8.3.3 Chaining and Filtering

The chaining exercise revealed that property-led regeneration in Tyne and Wear had caused displacement that results in a significant level of vacancy in other parts of the conurbation and confirmed that the stimulation of local property markets, in specific locations or zones, had been at the expense of other areas. It confirmed that a filtering process operates to take-up empty space, and that premises left vacant at the end of the chains may be clustered in particular areas (see 6.3).

One property chain was generated for approximately every two occupiers. Most chains were one link in length (63%) with vacated accommodation typically being reoccupied by new firms, branches or adjoining occupiers. However, some chains

were up to four links, others fragmented into five or more separate chains, whilst some connected together. The average chain length was approximately 1.5 links although in time, as vacant properties are absorbed, chains will extend (see 6.5).

The number of property transactions generated by the supply of new office and industrial accommodation in Tyne and Wear, over the survey period, totalled nearly 1,200 (see 6.5). This is a measure of the level of excitation in the property market and may be regarded as a positive outcome. The local property market had been stimulated and occupiers responded to the supply of new accommodation by moving up the property ladder, creating a filtering effect. It was observed that the higher up the property ladder that a new property is in terms of its size, the longer the chain created and the greater the excitation generated (see 6.6).

The average distance of moves made by occupiers relocating to the 20 developments in Tyne and Wear was approximately 5km (3 miles), and all but one development attracted occupiers from within an average distance of 7km (4.3 miles). Developments providing starter or nursery units did not have a noticeably lower average distance of moves than developments providing larger units of accommodation (see 6.3). The short distance of most relocations to new developments has implications for areas that are in close proximity to a new development, as they may be a source of potential occupiers. For example, office developments located on the periphery of Newcastle's CBD, encouraged occupiers from Newcastle City centre to make relatively short moves, of less than 2km (1.2 miles). More remote developments, unsurprisingly, attracted relocations from a greater distance away (see 6.8).

Suitability for change of use of a building is strongly influenced by the location and type of property, with large older buildings in residential areas lending themselves, not just to conversion to apartments, but also to surgeries, care homes and nurseries. Occupiers that relocated to office developments generated higher numbers of changes of use because the premises they vacated were more suitable for conversion than those vacated by industrial occupiers. More than a third of changes of use were to residential, which was often more economically viable than other uses, although it resulted in displaced jobs not being replaced locally (see 6.2).

The research confirmed the effectiveness of the chaining as a method of capturing the spill-over or side-effects caused by property development activity. It is an elegant

and relatively straightforward technique with which to examine the filtering effect that operates, to a greater or lesser extent, in all property markets. Its application is therefore wider than just the investigation of the impact of property-led urban policy on a local property market, and could be applied to any property market where new accommodation has been supplied (see 3.6). For example, it would be interesting to research the property occupier chains created by private sector development, in order to determine their impact on local property markets. Conceivably, if adverse effects could be anticipated then this could influence whether planning permission should be granted for such a development. There is already regard of the negative impact of new retail development on existing retailing facilities, but there is no reason why there shouldn't be greater sensitivity and awareness of the potentially adverse impact of other types of development on existing uses.

8.3.4 Public Sector Intervention

One aim of the research was to investigate the impact of public sector intervention on a local property market, and in particular the influence that it has had on the location decisions of occupiers of office and industrial property. Although the availability of public sector assistance was ranked only seventh out of twelve factors influencing destination in the questionnaire survey, those who had received some assistance rated it the second most important factor (see 5.9). The interview analysis validated and embellished the findings generated by the first phase of research.

Public sector intervention caused excitement in local office and industrial property markets; such activity made a positive contribution to the performance of businesses, creating opportunities that other occupiers, developers and agencies can exploit (see 6.5). In the absence of private sector provision, the availability of public sector assistance did influence the locational decisions of some occupiers; for some SMEs it made the difference between survival and failure (see 7.2.3). However, to most occupiers, public sector assistance was of little importance and only served to enhance the added value of their move. Without it they would still have done what they had, but it would have either happened more slowly or they would have been unable to invest so much in the business. The overriding attitude of occupiers was to take advantage of whatever public sector assistance was available and to try and get the best deal possible.

Assistance was not critical to most large employers who, when interviewed, indicated that they would have made exactly the same decision had public sector assistance not been available. Some had used their bargaining power, by virtue of the number of jobs that they could 'create', to lever in public sector assistance. A proportion of the assistance contributed to an increased scale of operation and more rapid growth than may otherwise have occurred, however the remainder amounted to deadweight payment because they would still have located where they did even without the incentives (see 7.2.3).

Some large companies indicated that they had 'made noises' to suggest that either they wouldn't come to the North East or that they would move away from Tyneside, in order to secure additional incentives, when they had no serious intention of doing so. Large employers, promising to 'create' hundreds of jobs, are in a powerful negotiating position when dealing with public sector agencies that often have tough job creation targets imposed on them by Government. Smaller occupiers expressed frustration that large cash-rich companies received public sector assistance that appeared to generate little additionality, when they themselves were unable to secure relatively modest funding that was crucial to their success and survival (see 7.2.3).

8.3.5 The Contribution and Influence of Property to Business Performance

The questionnaire survey identified and ranked the factors that most influenced occupiers' choice of new premises (see 5.9). The importance of these factors to the decision making process was explored in greater depth in the interviews.

All interviewees were of the opinion that they had made the right decision to move to their new premises and frequently described them as an asset to their business (see 7.2.5). The unanimity of their views may partly due to post hoc rationalisation of their decisions and because failures will have disappeared or be less willing to be interviewed. However, there was also consensus on the two related reasons for moving to new and 'better' accommodation, firstly as an opportunity to modernise, upgrade and expand their operations and secondly to improve the quality and functionality of the accommodation that they occupied. This often went hand-in-hand with the need to escape from inferior premises that were causing the business difficulty and impairing performance.

The biggest consideration for most employers, in terms of their choice of location, was proximity to their workforce, whom they regarded as the most important asset of their business (see 7.2.2). As a result, most occupiers did not look far afield when relocating. Interviewees recognised that 'better' accommodation improved staff retention, recruitment and productivity, due to increased staff morale and more efficient production methods (see 7.2.1).

A distinction can be made between local manufacturers and service providers that need to retain their trained staff and have loyalty to their local area, professional service sector firms to whom clients' needs are paramount, and more footloose activities such as call centres that will go where they can get cheap and plentiful labour. New premises also enhanced firms' competitiveness by retaining existing clients and winning new ones. This phenomenon was perhaps most apparent in the professional and financial sectors where firms wanted their clients to be confident in their ability to deliver a high quality service (see 7.2.2).

Of particular interest was the use of property to position a business in its market sector. Firms sought to differentiate themselves from their competitors and one way that they achieved this was through their choice of premises. Occupiers wanted to make a statement about who they are and what they stand for in order to convey an impression of credibility, reliability and professionalism, or to create a new identity for themselves and 'break the mould'. The success of a business may sometimes come down to the perceptions of its clients, customers and market competitors, and interviewees were only too aware that the location of a firm or organisation, and the premises occupied can affect its market position positively or negatively (see 7.2.7).

8.3.6 Occupier Decision Making

The process by which decisions are made, about whether and where to (re)locate, differs depending on the size and type of organisation, its corporate structure and culture. In small firms or organisations, key decisions are usually taken by the owner or proprietor; in larger organisations, decisions are made by what Mazzarol et al (2003) call the 'buying centre'; in partnerships, whether small or large, there needs to be unanimity between the partners and this is achieved through a more inclusive decision making process (see 2.6). However, regardless of the size of firm, the identification of a need to change, the search for new premises and the completion of

the move, has to be driven by an individual or small team with the vision and determination to see the process through.

The preliminary surveys revealed that many of the people making or influencing the decision of where to relocate a business, tended not to look very far afield, usually choosing the nearest satisfactory alternative (see 5.10). This parochialism is often because of familiarity with, and loyalty to, a particular area and to being limited geographically by the workforce. As a result, many relocating occupiers were not aware of the range of accommodation that was potentially available to them within the conurbation (see 7.2.10). Some occupiers had little choice about where to relocate due a lack of stock availability.

Some larger corporate occupiers employed consultants to advise them on a wide range of locations, sometimes on a national or international scale, where a number of options were narrowed down to a shortlist, before one was chosen. In order to secure the best deal for the client, the consultants would sometimes unpick the companies' preconceived ideas and plans and open their eyes to other alternatives. The final options would be presented to the board with one strongly backed contender, and the directors and board members would interrogate the consultants about the options. However, the result would usually be a formality, because the important decisions had already been made outside the boardroom by influential directors, and the approval by the full board was simply a rubber stamping of a pre-determined outcome (see 7.2.10).

There was some evidence of individuals making satisficing or sub-optimal decisions about where to locate their business, based on the convenience of the location to them, even though it might be more inconvenient to other staff (see 7.2.10). In contrast, other businesses carried out detailed research to assess the likely impact of a move on the travel arrangements of existing staff and went to great lengths to ensure that the relocation disadvantaged as few employees as possible. It was apparent from the interviews that internal and external networks were influential in determining where to relocate. Internal politics dictated the tactics that were required to reach the 'desired result'. External networks were more important to smaller organisations, that couldn't afford to employ relocation consultants, to provide additional information and identify opportunities. Typical external contacts were local authorities, regeneration and economic development agencies, employment and skills quangos, commercial property agents and other third parties (see 7.2.10).

8.4 Major Limitations of the Research

As discussed in Chapter 3 (see 3.9), Robson et al (Department of the Environment 1994a) identified the six 'Cs' to represent problems and limitations of research in this field, and although the author was aware of these problems during the course of the research, it should be acknowledged that they are not easily avoided. The counterfactual problem is perhaps the most difficult to resolve, because at the urban level it is impossible to identify a control, when all metropolitan areas are heterogeneous. The situation is exacerbated when an urban area has been subjected to an array of policy interventions over a prolonged period, by what Robson et al referred to as confound, contiguity and combinatorial problems. All four limitations relate to the notion of attribution. The process and response of one property market will be recognisable in other property markets but in each urban area there will be a unique pattern of layering, overlapping regeneration policies, which makes it difficult if not impossible to determine the effect of individual policies.

In urban areas like Tyne and Wear, there was little new office and industrial development that has not benefited from one form of assistance or another, but it is impossible to unravel what intervention generated what effect. This is why the subject research studied the most significant office and industrial developments in the conurbation, which had received a variety of combinations of public sector assistance over a prolonged period, in order to take an overview of the impact of public sector intervention rather than seek to dissect and attribute what policy did what. Because the pattern of intervention and public sector influence is unique to each urban area, it may be difficult to translate locationally specific findings, such as the spatial distribution of chain ends, length of chains and the distance of moves, to other places. For example, the influence of property developments within Tyne and Wear extended beyond the conurbation and if a similar exercise was being performed on a region-wide basis then a different treatment would be necessary.

However, more general findings, such as the extent of displacement, degree of market excitation, incidence of change of use etc. could be replicated in other large, complex urban areas. The important question is: what side-effects will intervention by the public sector have on a local property market? The research sheds light on the spatial pattern of the spill-over effects and suggests that the public sector should contemplate pre-emptive actions to reduce the negative side-effects and enhance the

positive ones. Such findings are therefore transferable and useful policy recommendations can be made.

The initial survey work was completed in 1998 after which the occupier database was updated as buildings came on stream and new occupiers had moved in, until completion of the chaining exercise in April 2001. During this period there was inevitably some turnover of the original occupiers however, for the majority of the developments, this was low. Occupier chains take time to complete, because moves cannot be made simultaneously; the vacant property must move down the chain until it is absorbed or is taken out of the market and filtering does not occur instantaneously. Indeed, the weaker the market the longer it takes for vacant properties to be taken up and vice versa.

This limitation has been addressed to some extent by revisiting the previously vacant chain-ends four years after the completion of the original chaining survey, to record their status. However this work introduced a new limitation which was that both chain-end and linking properties, previously recorded as being occupied, may have since become vacant. At the time of any chaining survey, some chains will not be concluded and the status of some chain-end and chain linking properties may alter in the short to medium term. There will be some balancing out between vacant properties that may become occupied and occupied ones that may become vacant but the degree of this is difficult to estimate.

Despite the limitations recognised above, the occupier surveys and chaining exercise that have been conducted, are of such a scale to ensure that the findings derived from the analysis of the recorded data are sufficiently robust to generate reliable conclusions. Overall the research methodology functioned well. The conurbation-wide study area was the appropriate scale at which to study office and industrial occupier displacement. The extensive questionnaire survey was an efficient way of collecting data from a large population, but had to be complemented by the telephone survey to ensure that the status and origin of all occupiers was captured successfully. The chaining technique was a highly effective tool with which to investigate occupier chains and to determine the outcome of the displacement captured by the first phase of research. The interview phase added an extra dimension to the research (see Figure 1.2) by revealing the factors and conditions that office and industrial occupiers are influenced by when making locational decisions and illuminating the process by which such crucial decisions are reached.

8.5 Recommendations for future public policy intervention

The research generated a range of findings that suggest a response from the public sector, be it central government, local government or government agency, could be made to either enhance the operation of particular policies or to tackle the negative side-effects that they may unwittingly generate. These are presented in no particular order of priority. Some of the recommendations resonate with the work of Mazzarol et al (2003), who concluded that more attention should be given to the site location needs and purchasing behaviour of small firms, and that government agencies and developers should pay attention to the needs of occupiers in terms of where new floorspace is located and how estates and premises are configured.

- Local authorities and development and regeneration agencies need to recognise that their intervention in land and property markets will have a spatial impact, and should contemplate what areas will be most vulnerable to occupier displacement (see 2.4, 6.3 & 6.8). They need to be cognisant of the fact that promoting new office and industrial developments in proximity to existing concentrations of industrial and office accommodation will generate displacement, the scale of which may be detrimental to the existing facilities. This is counterbalanced by the benefits that may accrue to relocating occupiers, the identification and measurement of which is difficult.
- The public sector may find it difficult to deter relocations that generate little additionality, or that cause significant displacement and vacancy in areas with weak markets or structural problems, by the discretionary use of public resources and controls. However, it is felt that such areas do deserve some protection and agencies and authorities need to conceive and implement strategies to either mitigate the worst side-effects of their intervention or ameliorate the conditions that they generate. Indeed, a high vacancy level could be used as a strategic opportunity to demolish obsolescent stock, develop accommodation more suited to modern occupier requirements and upgrade local infrastructure and the public realm (see 6.9).
- The development of large office and industrial units initiates a filtering effect that makes smaller units of accommodation available further down the

occupier chains (see 2.3). In pursuit of public policy targets such as increasing employment and economic growth, public sector agencies, in partnership with the private sector, could seek to generate excitement in a local property market, by increasing the supply of larger properties at the top end of the market, subject to their being a proven demand for them (see 5.4). This is a neglected 'spin-off' benefit of public sector intervention, captured by the chaining survey, and is most obvious in respect of neighbouring occupiers who exploit the opportunity to take on more space as a result of another business relocating (see 7.2.3).

- However, as well as creating longer chains, the supply of larger office and industrial units may also cause higher levels of displacement (nearly three quarters of units between 20,001-50,000 sq ft were occupied by firms that had relocated), although additionality may also be greater as well (see 6.6). The subsidy of the development of large units may not, on the face of it, be compatible with the strategies and priorities of some development agencies to encourage the creation and survival of small and medium sized enterprises (SMEs), but opportunities for small businesses will be generated further down the chains that are created.
- In the absence of the market providing opportunities for small occupiers to procure bespoke premises, the public sector could contemplate encouraging the supply of small, serviced industrial and office (B1) development plots, for businesses to build their own premises on. A downside of this approach could be that owner occupation becomes a straight-jacket for companies, preventing them from adapting to changing market conditions (see 7.2.4).
- Resources are being wasted making deadweight payments, particularly to large companies, to (re)locate. Public sector agencies should be more sceptical about claims by large local employers that they may move out of the area unless they receive financial assistance (see 7.2.3). Resources may be better spent helping smaller indigenous businesses to survive and expand. For most businesses their most important asset is their workforce and few employers would risk losing loyal, trained staff by relocating somewhere else for a few hundred thousand pounds. An exception is the footloose branch plant or call centre that may relocate internationally in order to reduce wage

costs despite the granting of subsidies and incentives to attract them in the first place (see 7.2.2).

- Office and industrial occupiers need an adequate supply of new and vacant premises to be available to them to allow them to expand, without which growth may be frustrated. Lack of suitable accommodation not only inhibits growth, but can make it difficult for firms to modernise or reorganise their operations to improve efficiency (see 7.2.1). Property occupiers are able to specify the space they need, with reference to the accommodation that they currently occupy (see 7.2.8). Developers and agencies need to ensure that the supply of new office and industrial property satisfies occupiers' requirements. Regular surveys of property occupier needs should be carried out as part of a more comprehensive investigation of property market performance. The analysis of the data collected would inform the fine-tuning of the policy recommendations made above.

8.6 Opportunities for Further Research

A number of opportunities for further research have been identified in the course of the three phases of research and their analysis:

- Chains previously ending in vacant properties, that have subsequently been reoccupied, could be pursued to their new chain-end to identify whether property has been absorbed by new business or is vacant. To achieve a complete picture, chain-end and linking properties that had previously been recorded as occupied would need to be revisited to identify whether they had subsequently fallen vacant (see 6.10.1).
- A potentially time consuming but useful piece of research would be to survey the occupiers of properties lower down the chain, in the same way that those at the top of the chains were surveyed. This would reveal whether there were any differences in the behaviour and response of occupiers at different points in the property hierarchy (see 3.6).
- More chaining studies of a similar scale need to be undertaken. Areas with different profiles of private and public sector development could be

investigated to determine levels of occupier displacement, occupier chain generation and property market filtering (see 3.6.2).

- The detailed profiling of property specific characteristics and local conditions, where vacant chain-end properties reside, could lead to the identification of the particular characteristics that cause some properties to remain vacant (see 6.8 & 6.9). The use of GIS software offers an alternative analytical perspective of the chaining data that may reveal hitherto undiscovered relationships.
- The research used chaining to retrospectively identify areas that suffered the greatest loss of occupiers, and highest levels of vacancy, as a consequence of the supply of new office and industrial accommodation (see 6.9). A predictive model could perhaps be developed, to identify areas before they suffer such consequences, so that regeneration agencies and local authorities could work with local property owners to rehabilitate areas that would be vulnerable to decline (see 2.3).
- A detailed investigation of how improved working conditions can affect business performance, could reveal the benefits of moving to new or improved accommodation and suggest which property characteristics require particular attention to allow occupiers to improve their performance in terms of productivity, morale, retention and recruitment of staff etc (see 7.2.1 & 7.2.8).
- The interviews revealed that many property occupiers do not conform to a rational decision making model when they determine where to (re)locate, but rather behave within bounded rationality, to make satisficing and sometimes sub-optimal decisions (see 2.6). Intensive interviews with key decision makers about how they went about 'satisfying' their organisation's property needs, would subject not only their decisions to close scrutiny but also the process by which they make such decisions (see 7.2.10).
- The ways in which businesses use property to project a particular image, create perceptions, differentiate themselves from their competitors or position themselves in their market sector, is a fertile area for further research (see 7.2.7).

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APPENDIX A

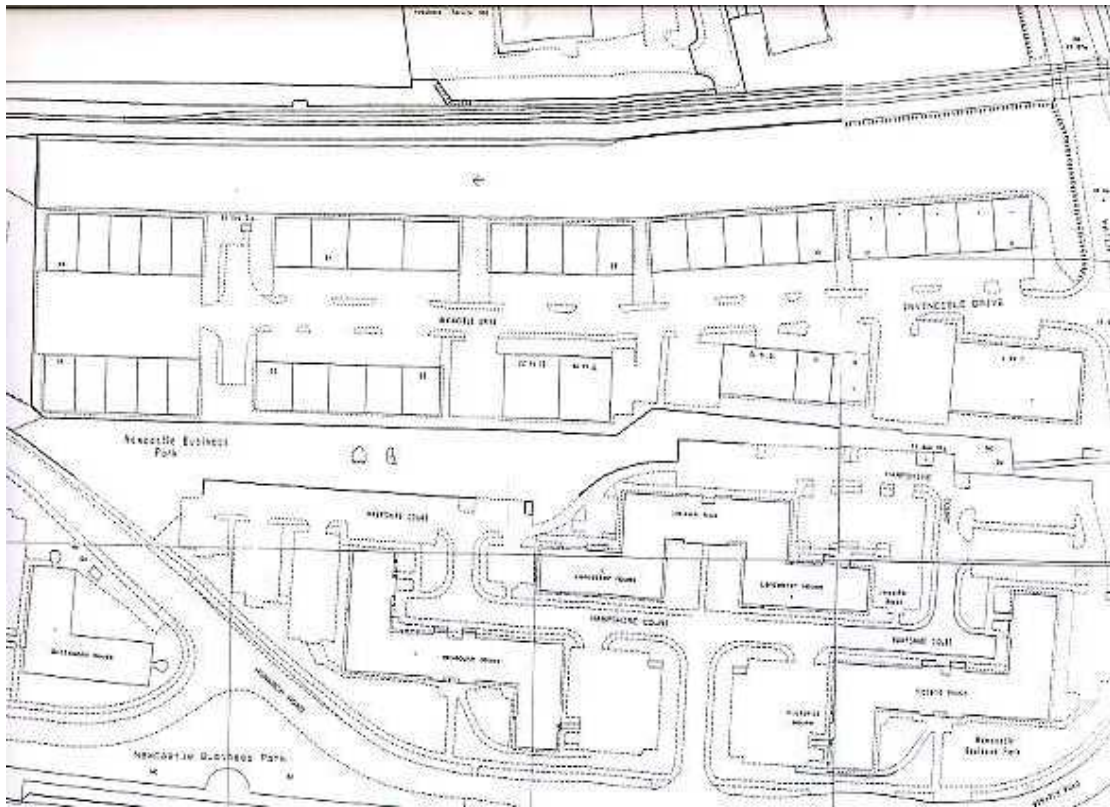
Supporting information for Tyne and Wear case study

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Policy & political context	1980 Local Government Planning and Land Act introduces UDCs and Ezs	Inner-city riots; 13 Ezs designated Merseyside & London Docklands Development Corporations established	Falklands war; 14 more EZs; DLG & UDG introduced	Conservatives re-elected for a second term	First Garden Festival in Liverpool	City Action Teams, Inner City Enterprises & Estate Action launched	Start of economic boom; 8 Inner City Task Forces introduced	Lawson budget; Second round UDCs created	Action for Cities launched; City Grant created from merger of URG & UDG	Economic and property markets crash in south east		City Challenge Pilots launched	Second round of City Challenges awarded	English Partnerships created; Single Regeneration Budget established;	Government Offices for the Regions set up	First round of SRB Challenge Funding awarded	SRB challenge fund rnd 2; Ezs designated in S. Yorks, N. Notts, E. Durham & Tyneside	New Labour government elected; DETR created from DoE & DoT; SRB round 3	Remaining UDCs in England wound up; SRB round 4: Urban Task Force established	RDAs created; Urban Task Force publishes 'Towards an Urban Renaissance'; RB rnd 5	SRB round 6; Urban White Paper 'Our Towns & Cities: the future' published	New Labour re-elected for a second term; More URCs; ODPM created from DTLR	More URCs; Housing Market Renewal Pathfinder launched	Sustainable Communities Plan launched; UDCs for Thames Gateway & Thurrock; EP reviewed
Local context	Tyne and Wear County wound up; residual land transferred to TW&Co	Tyneside EZ designated				Contruction of Metro Centre starts; Nissan comes to the North East	City Action Team in Newcastle set up		Tyne and Wear Development Corporation created	Closure of Sunderland Shipbuilders	Sunderland EZ designated; Gateshead Garden Festival	Tyneside EZ expires; South Tyneside Task Force; riots in West end and Meadowell	City Challenge West end starts	EE complete 6 units totalling 11150 sq m; phase 2 Hi-Tec village for £1m			Tyne Riverside EZ designated; Task Force wound up; West End challenge wound up	Pennywell City Challenge wound up; Newcastle gets City Pride status	TWDC wound up; N. Tyneside City Challenge wound up; ONE NE created	Siemens announces closure	Sunderland EZ expires			
1. Armstrong Industrial Estate								Construction starts		Construction completed 46 units 9225 sq m														
2. Balliol Business Park														Infrastructure completed	EP build advance units	SMS Marketing 1859 sq m; Ringtons	Designated EZ	Dataform 4043 sq m; Waring & Netts 725 sq m	Novocastra 3523 sq m; Greggs 2091 sq m; ROMECC 2788 sq m; Viaseystems 46000 sq m	NHS Direct 1860 sq m	Salvation Army 300 sq m	Anchor Housing 836 sq m; SITEL 2790 sq m; Viaseystems closes		Viaseystems plant demolished
3. Boldon Business Park							30 ha prepared by STMBC using DLG		STMBC construct 1022 sqm	EE construct 4692 sq m	15800 sq m by London & Edinburgh with £1.3m City Grant; phase 1 Hi-Tec Village 1487 sq m for £1.2m		£3m City Grant	EE complete 6 units totalling 11150 sq m; phase 2 Hi-Tec village for £1m	Easter build 3 units of 4647 sq m		Easter complete further 9 units	Post Office Counter bespoke building						
4. Central Business & Tec Park												A&F Budge go into receivership		Development completed	Office fully let £135 per sq m									
5. Doxford Park												Phase 1 pre sold for £18.8m to PET 16 EZ Trust at 7.5% yield; Rents between £97 per sq m		Phase 1 Completed 10,500 sq m occupied by Northern Rock, Royal Sun Alliance & Camelot	Nike take 3065 sqm; 9900 sqm London Elec & One2One		14400 sq m on 4 buildings let to Subscription Service; Arriva bespoke building of 6000 sqm; rents between £142 per sq m	8150 sq m let to Leighton Group; Regus & the Associates	6700 sq m in 2 buildings let to Transco, Grove & Sunderland Housing	Reg Vardy bespoke building of 4717 sq m				
6. East Quayside including Closegate										TWDC commences site assembly		Stanley Miller in liquidation; Shearwater withdraws	Judicial review of CPO opposed by Proctor & Gamble and Lesser Landau; TWDC enters into JV with AMEC	Start of construction on phase 1	Scottish Amicable's 6000 sq m Closegate scheme started; E Quayside infrastructure costs top £64m		Closegate let to BT on 15 yr lease at £145 per sq m; NEPEIA first occupier on E; Quayside 2416 sq m	Ward Hadaway occupy 2783 sq m Sandgate Hse	St Annes wharf pre-let to Dickinson Dees at £140 per sq m bought by Duke House Asset Management for £9.5m	Lettings at £140 per sq m	Canada Life buys 3300 sq m Rotterdam Hse let to Regus at £145 per sq m at 7.6% yield; Hermes buys St Anne's wharf for £9.1m at 8% yield	Ward Hadaway expand into Keele Row Hse 2230 sq m bought by Duke House Asset Management at 7.6% yield	City Lofts on site with residential block	City Lofts scheme complete; one development plot remains
7. Follingsby Park															32 ha site bought by White Rose	TAWSEN funding of £3.8m awarded		Letting at £37.50 per sq m			Seven phases totalling 46000 sq m completed; letting at £45.75 per sq m			

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
8. Howard Street (Union Square)										Wimpey selected as preferred developer				Completion Howard Hse Commercial centre	Union Square Central Area feasibility study completed	Final phase completed costing £1m								
9. Metro Riverside												Golden contract signed to extend EZ benefits beyond life of zone			Phase 1 started		Phase 1 completed				Rents of £48 per sq m for industrial & £117 per sq m for office being achieved			
10. New York Industrial Estate															eight speculative units totalling 5484 sq m built by EE		EZ status given to undeveloped land	Hillford, Cannock & Silverlink develop 35000 sqm						Rents of between £48-59 per sq m achieved
11. Newcastle Business Park					Vickers sell 27ha site to Newcastle City for £900k	Mixed used project marketed under name of Armstrong Centre	Development consortium between Brims & Dysart collapses	Site works commence with £2m DLC; site sold to TWDC for £1.4m	Removal of railway line			Scheme completed 63500 sq m 95% let	Receives RICS regeneration award; rents £94-102 per sq m	Site reclamation estimated to have cost £13.6m; private sector investment £140m	Final phase 2750 sq m bespoke building for Environment Agency				Rents £123.50 per sq m; all vacant units taken up					
12. North Sands Business Centre													2890 sq m completed by English Estates at a cost of £2.8m providing 47 units											
13. Royal Quays									TWDC purchases 162 ha of land from Port of Tyne			£10m ERDF funding secured for highway works		Phase 1 8829 sq m bespoke building for Twinings			Land designated EZ	NEMI set up	81 ha land reclaimed; 59000 sq m non resi floorspace constructed	5316 sq m £17.5m CAI completed	Collingwood Properties starts construction at Redburn Court			Collingwood Properties completes Redburn Court offices
14. Silverlink and Cobalt Business Parks											£1.1m City Grant funding to open up land	Silverlink B.P. phase 1 completed	North Tyneside City Challenge bid	City Challenge bid successful		Swan Hunter closure threatened	Land designated EZ	£1.1bn Siemens wafer fab plant starts on site	Completion of 5200 sq m of offices by Silverlink costing £20m; letting at £129-£134.50 per sq m	Siemens plant closes; Cobalt Business park phase 1 on site	First letting on Cobalt phase 1	Additional 17ha land acquired for Cobalt	Proctor and Gamble relocation to Cobalt complete	55000 sq m completed at Cobalt
15. Sunderland Enterprise Park											Phase 1 4150 sq m by EE costing £3m; EZ designated	Hylton Park rents £75 per sq m	Phase 2 completed 5500 sq m by London & Edinburgh Trust	Herrenknecht build 1200 sqm	Easter Management/ Northern Land start construction of 15500 sq m; BIC phase 1 4580 sq m	5400 sq m completed by Terrace Hill; BIC phase 2 3730 sq m; Helena Bioscience bespoke 5410 sq m; 8320 sq m bespoke	15500 sq m completed by Easter Management/ Northern Land	BIC phase 3 3624 sq m; Helena Bioscience bespoke 5600 sq m started	BIC phase 4 1560 sq m; 2150 sq m by Terrace Hill; 16000 sq m bespoke; rents £97 per sq m	2800 sq m by Northern Land; Helena Bioscience completed; BIC phase 5; Office rents £37 per sq m	2649 sq m by Northern Land let to Lloyds TSB			Industrial rents £47.35 per sq m
16. Sunrise Enterprise Park												Scottish Provident develop 14000 sq m phase 1 costing £7m; quoting rents £48.50	1650 sq m bespoke for Reg Vardy; sale of two buildings at yield of 9.33%	Akeler develop 3700 sq m phase 2		5180 sq m by Akeler for Reed Print								

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
17. Team Valley Trading Estate		South end designated EZ (145ha); 6859 sq m industrial space started	11,121 sq m of industrial and office space started	1450 sqm industrial started	15532 sq m of mainly industrial space started	4986 sq m industrial space started	37331 sq m mainly retail warehousing started	16300 sq m mainly industrial space started	11568 sq m mainly industrial and office space started	38810 sq m industrial and office space started	30714 sq m industrial and office space started	18826 sq m office and industrial space started; EZ expires		£100m of private sector investment to develop 250000 sq m over life of EZ	Industrial rents £43 per sq m						Rent 353.80 per sq m			Record industrial rent in North East £53.80 per sq m
18. TEDCO Business Centre														Construction starts of 4650 sq m centre costing £2.8 m; £800k from TWDC	Construction completed	Centre nearly fully occupied								
19. Viking Industrial Park													English Estates build 3996 sq m industrial space	STMBC build 8086 sq m industrial space with £210000 grant from TWDC	Further 12 ha reclaimed by TWDC; 9000 sq m bespoke under construction	Northumbria Police Diving School completed; Eco Centre construction starts	Land designated EZ; 1400 sq m Eco Centre completed	Eco Centre wins RICS award; DSI occupy 1600 sq m bespoke building on 15 yr lease at £48.40 per sq m	7000 sq m industrial built	Network Space development starts	2911 sq m industrial space completed by Network Space			Industrial rents £42.50 per sq m
20. Walker Riverside	Site bought by Newcastle City				Industrial Improvement Area status	2556 sq m industrial space built by Newcastle City			TWDC get involved with site	£2.5m for land reclamation				English Partnerships build 6190 sq m of industrial space			Wellstream invest £35m to build factory to manufacture umbilical cables	25000 sq m facility for Wellstream complted	EP units sold at auction at rents of £36-£38 per sq m				5.7 ha plot remains undeveloped	

Armstrong Industrial Estate - Ordnance Survey Site Plan (1:1250)



Balliol Business Park - Aerial Photograph (Enterprise Zone land shown by red hatching)



Balliol Business Park - Buildings and Occupiers

	Date of occupation	Size sq m	User	Other
Novacastra	1998	3253	B1	
Greggs	1998	2091	R&D	Not EZ
SMSMarketing Research	1995	1859	Office & B8	Not EZ
Ringtons	1995	?	B1	
Dataform	1997	4043	Office & B8	Part of Sage
ROMECE	1998	2788	B2	
Waring and Nets	1997	725	Office	
Viasystems	1998	46000	B2	
NHS Direct, Sterling Hse	1999	1860	Office	
SITEL, Balliol House	2001	2790	Office	Rent £129 psm
Victory House	n/a	1075	Office	To let
Salvation Army	2000	300	Office	
Anchor Housing Trust	2001	836	Office	
Broadband spec build	n/a	1744	Office	Spec, to let
EE Advance Units	n/a	5576 x 2	B2/B8	Vacant, pre EZ
D & B for Swatch	n/a	3720	B2/B8	Vacant, pre EZ

The biggest building built at Balliol was Viasystem's 46,000 sq m circuit board plant, built in 1996 and first occupied in 1998. However, only three years later the plant closed when Viasystems went in to liquidation, resulting in 850 redundancies. No new user has been found for the state of the art plant despite a rapid response group being established in the wake of the closure. The DTI has since attempted to recover the £17m RSA grant that it gave to the firm to part fund the new plant. The site on which the building sat was bought by Grantside and the building demolished to make way for a new office development, Quorum, before the EZ benefits expire in 2006.

Boldon Business Park

Strategically located at the intersection of the A184 and A19, 4km south of the Tyne Tunnel, the site was originally owned by Tyne and Wear County Council before being transferred to English Estates who have sub-let part to STMBC. It has been developed over a period of 12 years for B1/B2 and B8 use, with 30 hectares having been prepared by the Council using DLG and their own funds in 1986, the remaining 12.3 hectares being constrained by overhead pylons.

The development comprises three distinct elements, an industrial estate around Didcot Way, a Hi-Tech village and the most recent industrial phase around Brooklands Way. The first development was in 1988 when the council built 1022 sq

m on Didcot Way followed by two further units, comprising 4692 sq m, built by EE in 1989, with STMBC providing a rent subsidy (Healey et al. 1993).

STMBC then used Urban Programme, European and National Coal Board funding to develop Boldon Hi-Tech village in two phases, which offer 1487 sq m of flexible B1 space in small single storey terraced units, suitable for office, research and development or manufacturing use. The first phase was built in 1990 at a cost of £1.2 m and was so successful that a second phase was constructed in 1992-93 at a cost of £1m (Department of the Environment 1994a)

Boldon Business Park - Public Sector Funding of initial Phases

Source	Grant
<i>Tyne and Wear CC</i>	<i>£475,000</i>
<i>ERDF</i>	<i>£520,800</i>
<i>STMBC</i>	<i>£475,000</i>
<i>ERDF</i>	<i>£475,000</i>
<i>Access Road</i>	<i>£250,000</i>
<i>Landscaping</i>	<i>£70,000</i>
<i>Hi-Tech Village Phase 1</i>	<i>£1.2m</i>
<i>Hi-Tech Village Phase 2</i>	<i>£1.0m</i>

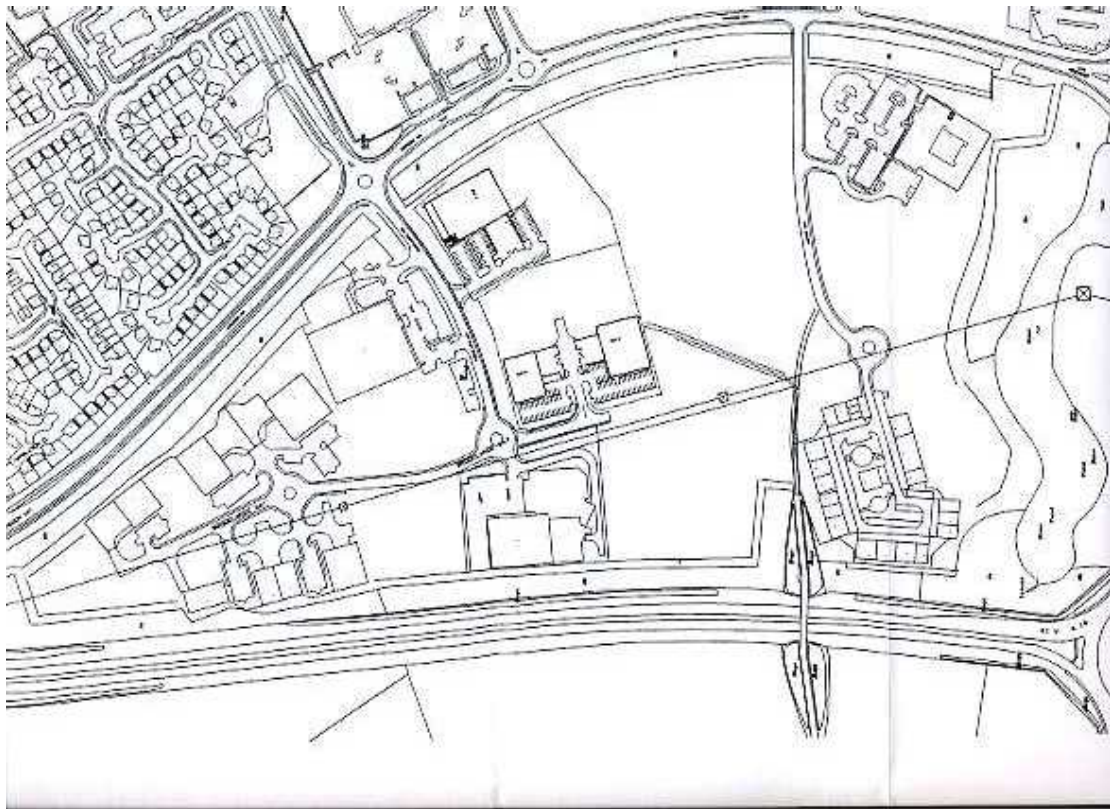
(English Estates 1992a)

EE developed a further six units, totalling 11,150 sq m of industrial space, in 1991-93. However, despite its good location the development still needed gap funding to attract private sector developers, the first of whom was London and Edinburgh Trust who built four units in 1990, totalling 15,800sqm, supported by a £1.3m City Grant. By 1992 Boldon had gone on to become the biggest industrial gap fund development in Tyne and Wear, with City Grant funding of £3m being paid to private developers, equating to a subsidy of £118 per sq m on construction costs (Sanderson Townend and Gilbert 1992c). The latest phase, by Easter Developments, was on a 4 hectare site purchased from EE for £560,000 (£140,000 per ha) and required no gap funding.

Boldon Business Park - Phases of Development

Developer	Description	Size (sq m)
STMBC	2 units	1022
EE	2 units	4692
STMBC	Hi-Tec Village Phases 1 & 2	1487
EE	6 units	11,150
London & Edinburgh Trust	? units	15,800
Easter Development	3 units	4647
Easter Development	9 units	?
Bespoke	Post Office Counters	?

Boldon Business Park - Ordnance Survey Plan (1:2500)



Central Business and Technology Park

The four office buildings (8086 sq m) comprising this edge-of-city centre office park came to the market in 1993 and were fully let in 12 months, achieving a headline rent of £135 per sq m. The Technopole (4833 sq m) took longer to let. It is located just to the east of Newcastle City centre, adjacent to the central motorway and has its own metro station (Manors). The development occupies 2.3 ha of a larger (6.9 ha) site that was previously a railway station and goods yard, included in the UDA as a quick win opportunity. TWDC paid £2.4m for the reclamation and servicing of the site but it is debateable whether it needed public sector assistance given its location.

TWDC wanted the whole site to be developed as a science park but the City Council was looking for part of the site to be developed as a multiplex cinema (O'Toole 1996). Disappointingly, the remaining land was developed for 'bog standard' offices when commercial considerations took precedent. The one gesture to the original vision was the creation of the Technopole, that offers hi-tech and R&D firms flexible space on easy-in easy-out terms. The development ran in to problems when the original contractor, A.F. Budge, went in to receivership, a victim of the early 90's recession but it was completed at a total cost of £14m with Budge contributing

£11.5m. Robinson et al (1993) noted that local relocation was a factor at the Park as the first two major tenants, Universal Building society and the Industrial Tribunal Service, had both moved from the City centre, with no increase in jobs.

Central Park – before reclamation 1997



Central Park – completed development 1993



Doxford Park - Site Plan (not to scale)



Doxford Business Park was developed by Akeler Developments, a Leeds based firm. It has been a spectacular success in terms of attracting occupiers and promoting Sunderland as place to come and do business. At one stage it was marketed as the best property deal in Europe, in terms of the low overheads and high quality premises and environment that it offered. It is now home to a number of international companies such as Barclaycard and One 2 One, as well as accommodating expanding local firms like Arriva, Reg Vardy and Northern Rock. The business park provides approximately 64,000 square metres of high quality B1 office space. The adjoining Technology Park, built by Caddick Developments did not benefit from EZ status and was therefore excluded from the study because it had not received any public sector assistance.

Akeler forward sold each phase of the development, for example the first was sold to the PET 16 EZ Trust for £18.08m, at a yield of 7.5% including capital allowances with a rental guarantee from the developer (Chesterton 1992). Rents were reported to be between £97 per sq m and £137.25 per sq m per annum in 1998 and had reached £142.50 by 2001(Economic Research Services 1998)

One 2 One has since relocated into a new £12.5m call centre on an adjoining non-EZ site, doubling its workforce in the process and qualifying for £750,000 of RSA (Tyne Tees Television 2000). Regus and London Electricity have subsequently expanded into their old space.

Doxford Park - Schedule of Construction

Date completed	Floorspace sq m (units)	Site area Ha	Occupiers
February 1993	10,500 (4)	2.8	Northern Rock, Royal Sun Alliance, Camelot & Doxford Marketing and Management Suite
April 1994	3065 (1)	1	Nike replaced by London Electricity
April 1994	9900 (1)	2.63	London Electricity and One 2 One, now all LE
March 1997	14,400 (4)	4.9	Subscription Services Ltd, Barclaycall, Regus, The Associates
September 1998	6000 (1)	1.32	Arriva Group
April 1998	8150 (2)	1.88	Avco Trust, Leighton Group & Domainnames
1999	? (1)	?	Bowmer and Kirkland Contractors
1999	6700 (2)	2.3	Transco, Grove Europe, & Sunderland Housing Group
2000	4717	?	Reg Vardy

(City of Sunderland 1999)

The most notable building on the business park is the 3603 sq m Solar office, built at a cost of £7.8m, its construction having been part funded by a £1.5m ERDF grant to create a south facing array of 45,000 photovoltaic cells. Disappointingly it took two years to let, partly because tenants were put off by its innovative design, although they should benefit in the long run because they can sell any surplus power it generates back to the national grid.

East Quayside (including Closegate)

Of all the developments covered by the case study, Newcastle's East Quayside is probably the best known. Ironically, having been used in countless marketing brochures to symbolise the renaissance of the City of Newcastle and the North East as a whole, it is the development that is most notorious for accommodating relocating office occupiers from Newcastle City centre. When the office occupiers themselves were asked what impact the development would have on business in the city centre,

just over a half thought it would be positive, 15% thought it would have a negative effect and as third thought it would have no effect (Estates Gazette 1997).

East Quayside - aerial photograph of site prior to commencement of work



(source TWDC)

'Progress on the project, which TWDC had called 'the jewel in the crown of Newcastle riverside' was repeatedly delayed due to problems in resolving land ownership (TWDC had to assemble the 10 hectare site by consolidating 48 different interests) and the developers having financial and legal problems. Developers Stanley Miller (a North East contracting company) went in to liquidation and its partner, Shearwater Property Holdings, a subsidiary of Rosehaugh Stanhope Developments, had

eventually to withdraw owing to severe financial difficulties, which led eventually to the company going in to receivership caused by the recession. At the same time, it had been delayed by a complex three-year legal wrangle over the Corporation's CPO, doggedly challenged in the courts by owners, Proctor and Gamble and the Swiss developer Leser Landau, of small but vital parts of the site. With this obstacle finally removed and the CPO upheld by the House of Lords' Judicial Committee in early 1992, infrastructure work for the scheme could finally commence.'

(Robinson et al. 1993)

By the time the CPO had been approved, Stanley Miller had collapsed and TWDC were left to pick up the pieces. They formed a joint venture with AMEC Developments, who submitted a revised planning proposals in mid 1992 for a more modest phased office development of bespoke rather than speculative office buildings (up to 41,000 sq m), an hotel, leisure and housing (215 units). It is a little ironic that the delays to the scheme may have been its saving grace because rather than developing a 'white elephant' of an office scheme, that would have come on to the market just as it went in to recession, the developers could build a more modest phased project that progressed with demand. Construction began in 1993 and is still going a decade later.

The total cost of the scheme has been reported as £183m, of which TWDC's contribution, on land assembly, infrastructure and landscaping, was a huge £64 million (House of Commons 1992). These figures are underestimated; TWDC themselves revised the total cost of the scheme to £190m and their contribution £69m, indeed TWDC's contribution has been reported to be as high as £79m with the total cost of the project perhaps exceeding £200m. TWDC spend in the region of £39m on site reclamation, infrastructure and servicing; a similar sum was spent on land purchase and encouraging businesses to move to the development. The former was so expensive because of the difficult site and complex engineering works that were required to re-model the road layout on and around the site, evidenced by the construction of huge retaining walls along its northern boundary.

Headline rents of up to £160 per sq m have been quoted before incentives, but once rent free periods of up to two years have been allowed for, together with other incentives, real rents at the time of the first lettings were closer to £145 per sq m p.a..

East Quayside - artist's impression circa 1990 and site layout (not to scale)



East Quayside – phases 1 and 2 completed 1998



East Quayside - Phases of Development

Building name/number	Net Floorspace (sq m)	Occupiers	Other
100 Quayside	2416	NEPIA	Owner occupied
Sandgate House (102)	2783	Ward Hadaway	
Keel Row House	2230	Ward Hadaway	Bought by Duke House Asset Management at 7.6% yield
Quayside House (110)	1353	KPMG	Floors 5 & 6
	474	Yorkshire Bank	Ground floor let at £140 per sq m p.a.
	1361	Industrial Tribunal Service	Floors 1 & 2
	717	Merril Lynch	Floor 3
St Anne's Wharf (112-114)	4920	Dickinson Dees	Pre-let at £140 per sq m. Bought by Norwich Union 1998 for £9.5m; sold to Hermes 2000 for £9.1m at 8% yield.
	1368	Mott MacDonald	
	232	Vitalis	
Rotterdam (116) House	3330	Regus	Let at £145 per sq m; bought by Canada Life at 7.6% yield 1999
Bridge Court	6435	British Telecom	Let on 15 year lease at £145 per sq m 1997

A nearby office development, Closegate, has been included with East Quayside because it is similar type of scheme, albeit on a smaller scale, assisted by the TWDC, and is situated less than 1000 metres along the quayside. The speculative office development was built on a site that had been reclaimed and serviced by TWDC. The development was funded by Scottish Amicable, completed in January 1996 and occupied by British Telecom in 1997 on a 15 yr lease at £145 per sq m p.a. with 18 months rent free (Estates Gazette 1997).

Follingsby Park

Despite its strategic location, access to the site was poor and services were inadequate; the cost of providing the necessary infrastructure was so expensive

(nearly £200,000 per ha) that it threatened the viability of the scheme. The developers and British Rail identified the ERDF as a potential source of funding for the infrastructure works, but because it was only available to public bodies British Rail had to retain ownership of the roads in order to successfully apply for £1.8 million from the TAWSEN programme for road construction with a further £1.95m for provision of services.

There was little initial interest from occupiers for serviced development plots so WRDE approached GMBC, to apply on their behalf for more ERDF funding, and were successful in securing a 40% contribution to the cost of constructing the first phase of speculative units to kick-start the scheme. The process was repeated for later phases although by then WRDE could apply directly for ERDF funding, but the contribution fell to 30%. By the end of 2000, seven phases had been completed and there was little prospect of securing further European money as the new Objective 2 programme (2000-2006) was more focussed on training and skills rather than physical developments. By the time the site is built out there will be 76,210 sq m of accommodation on the site. At the time of survey approximately half of this had been built and occupied (43,308 sq m). The large units built in the early phases (1996) let at rents of £37.50 per sq m, whilst more recent lettings (2000) have achieved rents of £45.75 per sq m and available space was being marketed at £48.50 per sq m p.a. (Chesterton 2000).

Follingsby Park - Phases of Development and ERDF Funding

Phase	Size sq m (units)	Occupiers	ERDF Funding
1	5576 + 3253	Spark Response (Mailcom)	£960,000 (40%)
	3717	MFI	£640,000 (40%)
2	6506 + 2788	Fila UK	None
3	9758 (6)	Pioneer Foods, Sprints Ltd, Lion PVC Ltd, Neatyear Ltd, Hayes DX	£1.2m (40%)
4	7435	Bestways	£218,000 (30%)
5	1620	Simpson Group Distribution	£184,000 (30%)
6	1296	Darkblack Ltd	£150,000 (30%)
7	1791	Vacant	£206,000 (30%)
8	2661	Vacant	£306,000 (30%)
9+		Various	None
		Road Construction	£1.8m
		Servicing of site	£1.95m
		Total ERDF Funding	£7.614m

(White Rose Development Enterprise 2001)

Follingsby Park - Aerial Photograph and Site Plan



Howard Street

'In the early 1990's the eastern side of Howard Street was in a dilapidated state. Some of the buildings no longer had roofs. One of the key features of the redevelopment of the street was the re-creation of a street frontage adjoining the Stagline building and extending to Union Street to re-create a strong urban form. Together with the refurbishment of the dilapidated buildings/facades and an infill development the scheme successfully knits back together the original morphology.'

(EDAW 2002)

The overall scheme, comprising Howard House Commercial Centre, Howard House, Camden Street Offices and East Howard Street, was promoted by North Tyneside MBC and seen through to fruition by North Tyneside City Challenge. It received funding from a variety of public sources including Urban Programme (£1.7m), DLG (£35k), City Grant (around £1m), Housing Action Grant, ERDF and SRB.

The redevelopment of the extensive Union Square site was particularly challenging and ambitious due primarily to its steep topography and sheer scale of development. Previous to its redevelopment the site was vacant and overgrown and only two freestanding buildings remained on the site (the Magnesia Bank and Stagline buildings).

Howard House Commercial Centre was a conversion of a Grade II listed library, completed in 1993, to provide a business support centre, accommodating predominantly public sector organisations, including North Tyneside Challenge, that offer advice and assistance to SMEs and other businesses. It also accommodates some social service functions of the local authority and related organisations.

Howard House was built by Wimpey and NTMBC with an Urban Programme Grant of £735,000. It was originally intended to provide serviced office accommodation to SMEs on easy-in, easy-out terms, but the majority of the space was ultimately let to the Employment Service as a Job Centre.

Camden Street was a 2416 sq m new build office development for private sale built by Wimpey at a cost of over £2m. The Council reclaimed the site with a derelict land grant of £35,000 and Wimpey received a City Grant of £634,000 to add to their own investment of £1.3m. The completed scheme was sold to a private investor having been let to the Employment Services and North Tyneside Child Care. A further

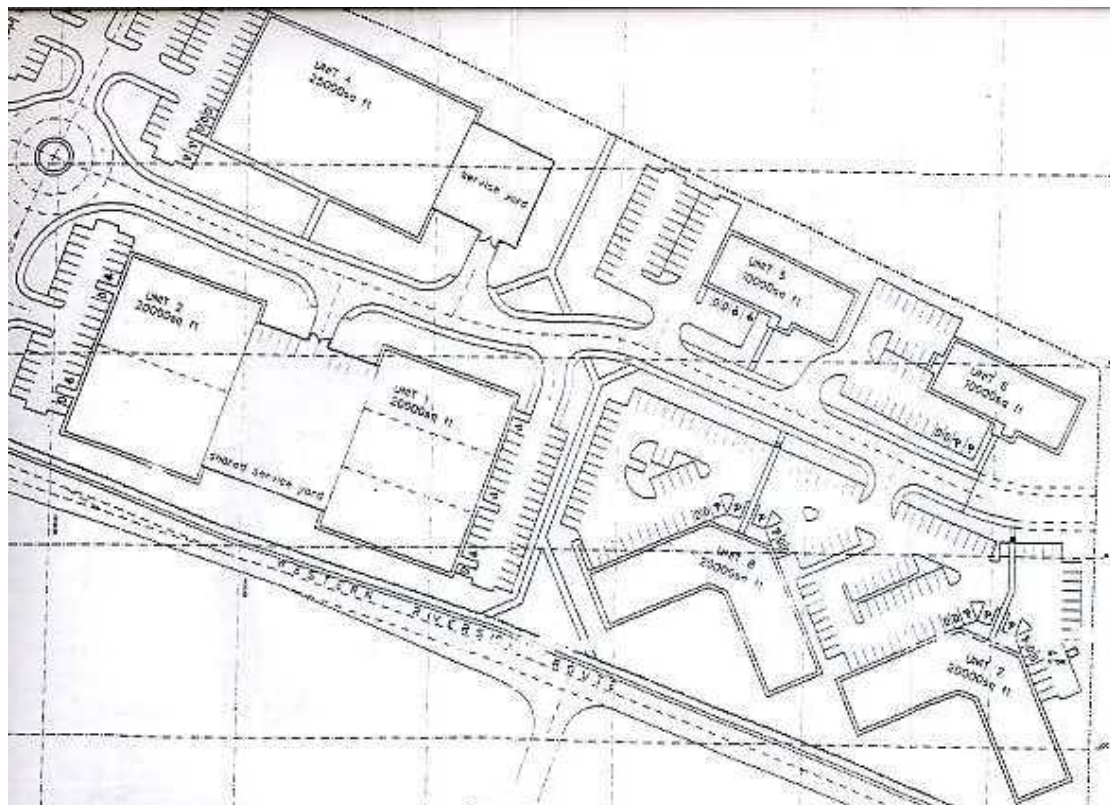
phase of office development on Union Square planned to create 57,000 sq ft (5300 sq m) of quality offices but despite a gap fund having been approved the scheme has never taken off due to the lack of a pre-let (EDAW 2002).

East Howard Street was a mixed-use development by Wimpey comprising 17 new build flats with A2/A3 retail/office units on the ground floor. It also included the refurbishment of the Grade II listed building at 105 Howard Street for office and residential use. The scheme cost just over £1m, with Wimpey receiving an unspecified City Grant, and was completed in 1995.

Metro Riverside

Phase 1 of the development comprised 12,701 sq m of B1, B2 and B8 accommodation constructed on half the 10 hectare site, that was previously in the Tyneside EZ. Rents of £48 per sq m have been achieved for the industrial space and £117 per sq m for the offices (Morris G. 2000).

Metro Riverside - Ordnance Survey Site Plan (1:1250)



Metro Riverside - Phase 1 Development Schedule

Units	Type of Space	Size sq m	Occupier
1A	Industrial	569	Boots
1B	Industrial	669	Boots
1C	Industrial	569	Office Data Supplies
2A	Industrial	967	Compressor Products International
2B	Industrial	967	Vacant
3	Industrial	1831	Smith Print
4	Industrial	2260	Comet
5	Office	810	Mansell (NE) Ltd/Hall and Tawse/Alfred McAlpine Homes
6	Office	810	Allied Dunbar
7	Office	1622	Syntegra
8	Office	1627	Syntegra

Newcastle Business Park

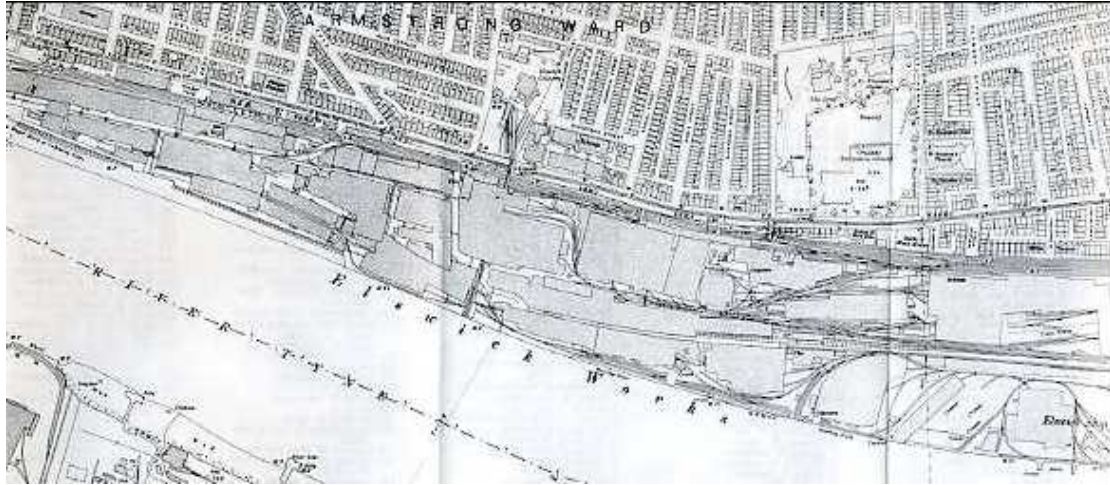
NBP is situated 1.5km to the west of Newcastle City centre and two kilometres east of the A1(M) motorway, and was TWDC's first major development. The site was derelict and contaminated, having been previously used for naval shipbuilding and the manufacture of armaments. It was also disconnected from the adjacent trunk road by an operational railway line. The costs of accessing and reclaiming the site were therefore too great to be met by the private sector and public sector intervention was needed.

Other reasons for the lack of private sector interest were the high levels of unemployment and crime associated with the adjacent inner city area of Elswick, however the site's long river frontage and its large size meant that it could create its own internal environment and security (Fisher et al 1999). The resulting development of a river bank that had once provided high numbers of industrial jobs for the residents of the west end of Newcastle, was not well targeted at, or socially integrated with, the surrounding area (Byrne 1987). Part of the reason for this was that industrial values were not sufficient to cover the high costs of reclamation, neither was there the market demand for this type of land use.

In 1984 the 27 ha site was sold by Vickers to the City Council for £900,000, despite its poor condition. In association with Tyneside construction company Brims, and Buckinghamshire based developers Dysart, the City Council began marketing the site as a mixed-use development opportunity, with the potential to create a riverside

village, business, retail and industrial parks and 12,000 seat leisure arena in a parkland setting, under the name the 'Armstrong Centre'.

Newcastle Business Park – Armstrong's works, Ordnance Survey 1918



Newcastle Business Park – aerial photograph prior to reclamation in 1984



Newcastle Business Park - aerial photograph showing early phase of reclamation



The scheme soon hit trouble when, in 1986, the development consortium broke, leaving Dysart to continue in partnership with the Council. £2m of DLG funding was spent on the preliminary reclamation and infrastructure works to enable the first (industrial) phase to be built (see Armstrong Industrial Estate). Little progress was made with the potentially more profitable retail phase, primarily because of lack of market interest due to competition from the Metro Centre across the River. The cash-starved Council were unable to fund the reclamation and infrastructure works and made the pragmatic decision to sell the site to the cash-rich TWDC.(Greenhalgh 1989; Greenhalgh et al 1993).

TWDC purchased the site from the City Council in 1987 for £1.4m, and immediately got to work dealing with the removal of the railway line that ran along its northern boundary. They spent £13.6m on site reclamation, provision of infrastructure and environmental improvements (National Audit Office 1993a)

TWDC also persuaded Dysart, the retained developers, to build an office park rather than a mixed use scheme; they were convinced that with a quality product and heavy

promotion, they could fill the whole site and consequently market research was minimal. It worked both because of strong market demand and heavy subsidy. It came onto the market at the back end of the 1980s economic boom, when Tyneside companies were expanding and national occupiers were looking to achieve cost savings by relocating (Fisher et al. 1999). It was also in an EZ that still had a few years to run and therefore investors and owner occupiers could benefit from the capital allowances and tenants from a short rates holiday (Robinson et al. 1993).

Newcastle Business Park Master Plan



Newcastle Business Park completed development circa mid 1990's



The National Audit Office (1993a) reported that by the end of 1991, Dysart had built 63,500 sq m of low-rise offices in a landscaped environment, 95% of which were let. Private sector investment of £140 million had been secured, representing a leverage ratio of 10.3:1, although this calculation ignored the huge capital allowances that had

been claimed under the EZ regime. The final phase of the development was the construction of a 2750 sq m bespoke office building for the Environment Agency, at the eastern end of the park.

'In 1992, rents of between £94 to £102 per sq m were being achieved for some of the larger buildings, but the small units proved more difficult to let at their asking rent of £118 per sq m. However, by 1998 all the vacant units had been taken up and rental values had increased to £123.50 per sq m per annum.'

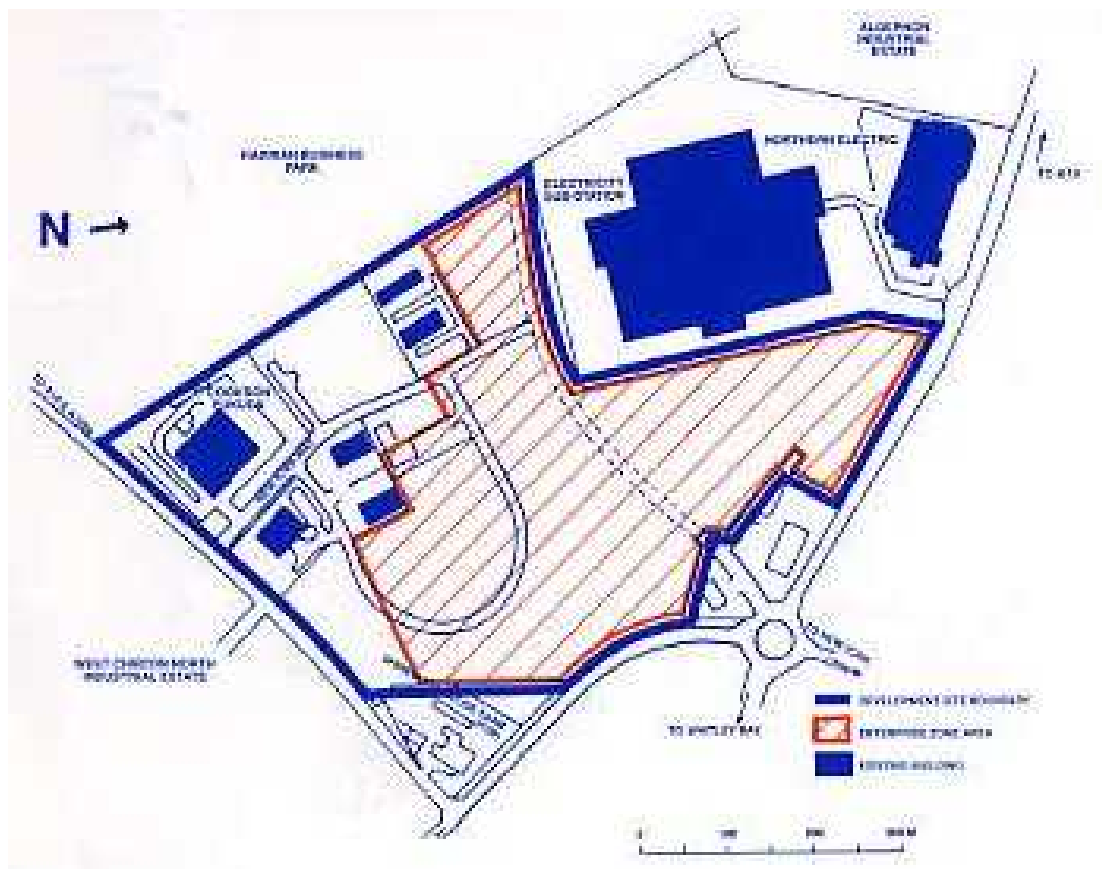
(Economic Research Services 1998)

New York Industrial Estate - Development Schedule

Size sq m (units)	Developer	Occupiers
circa 4500 (1)	Bespoke	Cookson Fukuda
5484 (8)	English Estates	Printers (Coast) Ltd, Norscreen, Magnolia Print, Reinhold Faeth, Scotia & vacant
5575 (2)	Hillford Developments	Victor Products, Federal Signal Vama, Transtar Ltd
1859 (2)	Shiremoor	Shiremoor Press Ltd, THUS, Countdown Cleaning, Apex Electrical
836 (1)	Bespoke	Unika Colour Products
19,517 (3)	Cannock Developments Ltd	Elanders Hindson, Freudenberg Nok, Freudenberg Vibracoutsic
4647 (1)	Bespoke	Waddington Jaycare
9387 (7)	Silverlink Property Developments	Ferrograph Ltd & vacant
1115	Bespoke	City Plumbing Supplies Holding

By April 2003 rents of £53.80 were being achieved at New York and it was reported that Cannock Developments had let a 4650 sq m and 7430 sq m units at rents of £47.75 and £59 per sq m respectively (Estates Gazette 2003).

New York Industrial Estate - Enterprise Zone Site Plan and Aerial Photograph (hatched red)



New York Industrial Park - Enterprise Zone Extension Site Plan (not to scale)



North Sands Business Centre

North Sands is adjacent to TWDC's St Peter's Riverside development, on the north bank of the River Wear, one kilometre from Sunderland City Centre. It was developed by English Estates at a cost of £2.8m, and was completed in 1992 to provide 47 high quality serviced office and studio units from 21.5 to 198.5 sq m, on easy-in, easy-out terms. The 2890 sq m building is set in landscaped surroundings and offers car parking, conference facilities, secretarial services and 24 hour access. EE claimed at the time that it was a 'new innovative approach to the property requirements of all businesses' and 'was the result of extensive research into the needs of today's forward-looking companies, offering a superb property package' (English Estates 1992b).

Initial weekly rents were £50 per week (£2600 p.a.) inclusive for a 25 sq m studio, and by the time of the survey (2000) they had hardly changed, perhaps suggesting

that they were perhaps over priced or EE's expectations for the scheme were over optimistic. See Appendix A for layout of units on ground and first floors.

North Sands Business Centre



Royal Quays

Billed by TWDC as 'the largest single development site in Britain outside London', Royal Quays has provided a 250 berth marina, 1200 houses for sale and rent, 20,000 sq m of industrial floorspace, offices, a factory outlet retail park, an hotel and leisure facilities. 'The total cost was around £290 million of which around £84 million was from the public sector, mainly from TWDC' (Robinson et al. 1993).

In 1988 TWDC began the purchase of half of a 162ha (400a) site on the North bank of the River Tyne, from the Port of Tyne Authority, incorporating the Albert Edward Dock and land extending as far as the southern edge of the Meadowell. Renamed 'Royal Quays', this area was described by TWDC as a 'mini new town' and 'our most ambitious project of all'.

'Things did not go smoothly to begin with, when the lead developer, Avatar, was dismissed by TWDC, there were also worries about the development of a waste incinerator nearby and the 1991 riots on the Meadowell raised doubts about the project's future.'

(Robinson et al. 1993)

Royal Quays – prior to reclamation 1985



There were also concerns that there was not enough industrial use, that the retailing would threaten the health of the already battered town centre in North Shields and about TWDC's view that Royal quays should be a new town (O'Toole 1996).

TWDC, in partnership with NTMBC, secured £10m of European money to improve the local road network by constructing a new dual carriageway to link the site to the A19. A decade later, 81 hectares of land had been reclaimed, just under half of which were developed for non-residential use, 59,000 sq m of non-residential (employment) space had been constructed, including 13,006 sq m of B1 and 22,300 sq m of B2 space (Economic Research Services 1998).

The first phase was an 8829 sq m bespoke factory for Twinings, who relocated 350 employees from the nearby Tyne Tunnel estate. Development and take-up of the

employment space was slower than anticipated and to kick-start activity the remaining undeveloped land was designated EZ in 1996.

Royal Quays – after reclamation1997



The most significant resulting project has been the two phases of the £17.5m Centre for Alternative Industry (CAI), which comprises a seven storey (5316 sq m) R&D block and a two storey (2109 sq m) building next door. The CAI was built by NTMBC and EP on behalf of the North of England Microelectronics Institute (NEMI), which was set up in 1997 as a joint venture between local universities, the TEC, local authorities and the private sector. The CAI was conceived as a spin-off from Siemens' decisions to build a £1.4bn wafer fabrication plant at Silverlink (see section 4.4.2.14). The concept was floated on the EZ investment market and brought in £7m of private investment and £7.5m of ERDF money, on the condition that it was only used to accommodate hi-tech and SME businesses and clusters.

NEMI manages the facility it on behalf of its owner, Sun Alliance, and it is now home to a range of hi-tech SME's, including a cluster of maritime engineering firms called Argonautics. The two-storey building was occupied by Applied Materials, who manufacture wafer processing equipment, and as training centre for Siemens staff.

Unfortunately when Siemens closed this facility inevitably did likewise and it remains vacant today.

Royal Quays - Centre for Alternative Technology (CAI)



Royal Quays – EZ development



Collingwood Properties built two of three office buildings on Redburn Court, Nautilus House (1859 sq m) and Collingwood House (790 sq m), the former of which is owned by Jeffrey Archer, the latter part they occupy themselves. Going Places occupy 3253 sq m of the speculatively built Kings Court as a call centre, the remaining space apparently being used to process the applications of asylum seekers.

Silverlink Business Park including Cobalt

The Silverlink was extended with £1.1m City Grant to open up the vacant back land, part of which was speculatively developed by Silverlink Properties for their eponymously named business park. The developer, David Clouston, recognised the potential of the strategically located land and believed that there was demand for an out of town business park. He bought un-serviced land from NTMBC on a long lease for around £100,000 per hectare and set about servicing it at a cost of around £150,000 per hectare. The Council provided grant funding of £140,000 for a new roundabout and landscaping and contributed to the setting up of Silverlink Business Association that provides maintenance and security to the park and surrounding area.

Because of his commitment to the area, David Clouston was invited to help prepare NTMBC's bid for City Challenge status and became chair of the City Challenge Partnership in 1993 when they were successful. The first phase of the Silverlink Business Park was completed prior to this date, but the two subsequent phases were able to capitalise on the interest generated by City Challenge status and the favourable market conditions at the time. By 1998, Silverlink Properties had spent £20m on building and letting 5200 sq m of B1 office accommodation, at rents of between £129 and £134.50 per sq m, including the construction of two EZ offices at the western end of the park, Deltic and Mistral House, let to Sun FM and ABB Power. However, its modest achievements have been overshadowed by the Siemens debacle and the spectacular success of Cobalt Business Park.

In the mid-nineties the Swan Hunter shipyard was threatened with closure and the Government reacted to this by designating EZ's in North and South Tyneside. At the same time Siemens Microelectronics, the German semiconductor manufacturer, was looking across Europe for a location to build a silicon memory chip wafer fabrication plant. NTMBC and North Tyneside City Challenge, in partnership with EP, the DTI and Tyneside TEC, were able to put together an irresistible package that included a

fully serviced and reclaimed 42.5 hectare site, with full EZ capital allowances and 10 years rates free, plus generous training and employment grants. Siemens' resulting £1.1bn investment was the biggest ever in the U.K. and resulted in the construction of a 83,000 sq m state of the art building comprising manufacturing, laboratory, training and office space. Unfortunately 18 months later Siemens closed the plant, resulting in over 1000 redundancies, due to the price of memory chips falling from £4 to 40p, and the plant was put in to mothballs. The Government were successful in recovering £18m of public funding from Siemens and a task force was set up to fund a new occupier.

The closure of the plant was a huge set-back for NTMBC's plans for the economic development of the area and the side-effects were felt at nearby Royal Quays (see above) and by other firms in the supply chain. Two years later Atmel, with the help of a £30m RSA grant, took occupation of a small part (5%) of the plant, to manufacture 'smart interactive chips', with ambitions to expand their operation over time. Fortunately, the rapid development of Cobalt Business Park, adjoining the Siemens plant, has softened the impact of the closure.

To avoid selling off its land holdings when it was wound up in 1980, Tyne and Wear County Council created the Tyne and Wear Development Company (TWeDCo) into which to transfer its assets. TWeDCo, which was administered by Sunderland MBC, sat on much of the land, a large proportion of which lay in North Tyneside. As a result of lobbying by North Tyneside MBC and local members of Parliament, in 1995 the Government issued a directive to TWeDCo to bring the land forward for development or face penalties. This they duly did, after eight separate development plots, covering 23 hectares (62%) of their ownership, had been given EZ status. TWeDCo then selected the London developer Highbridge Properties to take forward a proposal for a £100m business park.

Highbridge re-branded the project and worked up a masterplan for around 100,000 square metres of the highest quality office space set in a landscaped surrounding, at the heart of which would be a 17 hectare countryside park created from a colliery spoil heap and paid for by North Tyneside City Challenge and EP. A demographic survey commissioned by Highbridge from Roger Tym and Partners (2001), revealed why Cobalt had been so successful in attracting call centre and other labour intensive firms. The surrounding catchment area is one of the most densely populated in the country, with 2465 people per sq km, compared with a national average of 1764. A

potential workforce of over half a million people lies within 30 minutes travel and the average weekly wage in Tyne and Wear of £373 compares favourably to other areas. Highbridge Properties have also estimated that an occupier of their speculatively built 8698 sq m office at Cobalt could save up to £1.6m in business rates over the final four years of the EZ (Ashby R. 2001).

Cobalt Business Park - Phases of Construction

Building Number	Size sq m	Occupiers	Details
3/1	3729	Proctor and Gamble	Temporary letting
3/2	2792	Equinox/Lancaster Group	15 year lease at £147 per sq m
3/3	1854	ICL/Fujitsu	Details not available
12	9080	Proctor and Gamble	16 ¹ / ₂ year lease at £145 per sq m
12	5176	Proctor and Gamble	16 year lease at £151 per sq m
4/1	8076	Orange	£134.50 per sq m
4/2	7007	Orange	15 year lease at £116 per sq m
15	8698	Trillium for Dept of Work and Pensions	15 year lease at £159 per sq m
?	3755	Trillium for Dept of Work and Pensions	Details not available
1	4089	To let	To be agreed
2	9478	To let	To be agreed
15a	2788	To let	To be agreed

Cobalt is to get even bigger after Highbridge Properties purchased 17 ha of land from Atmel, with funding being provided by the Royal Bank of Scotland. The business park now extends to 53ha and can accommodate up to 210,000 sq m of office space, 55,000 sq m of which has already been built by 2003.

However, the development has not been without its critics. The decision to choose a London based developer caused a degree of resentment amongst local and regional developers, who had been investing in the area for years, and saw the big prize 'go south'. Also, despite reassurances from the developer that they would resist 'hedge-hopping local relocations', there has been speculation that many of the firms taking space at Cobalt have come from within the region (Journal 1999). This is no better illustrated that the relocation of Proctor and Gamble from its Gosforth HQ, which it has sold for residential development.

Another criticism of Cobalt is the woefully inadequate public transport provision which has forced employees to use cars to get to and from work, further encouraged by the generous amount of free car parking on the site. The Council is now pursuing a £12.5m upgrade of the local public transport infrastructure, including a guided bus system to be part funded by the SRB and North Tyneside Challenge (The Journal 2000).

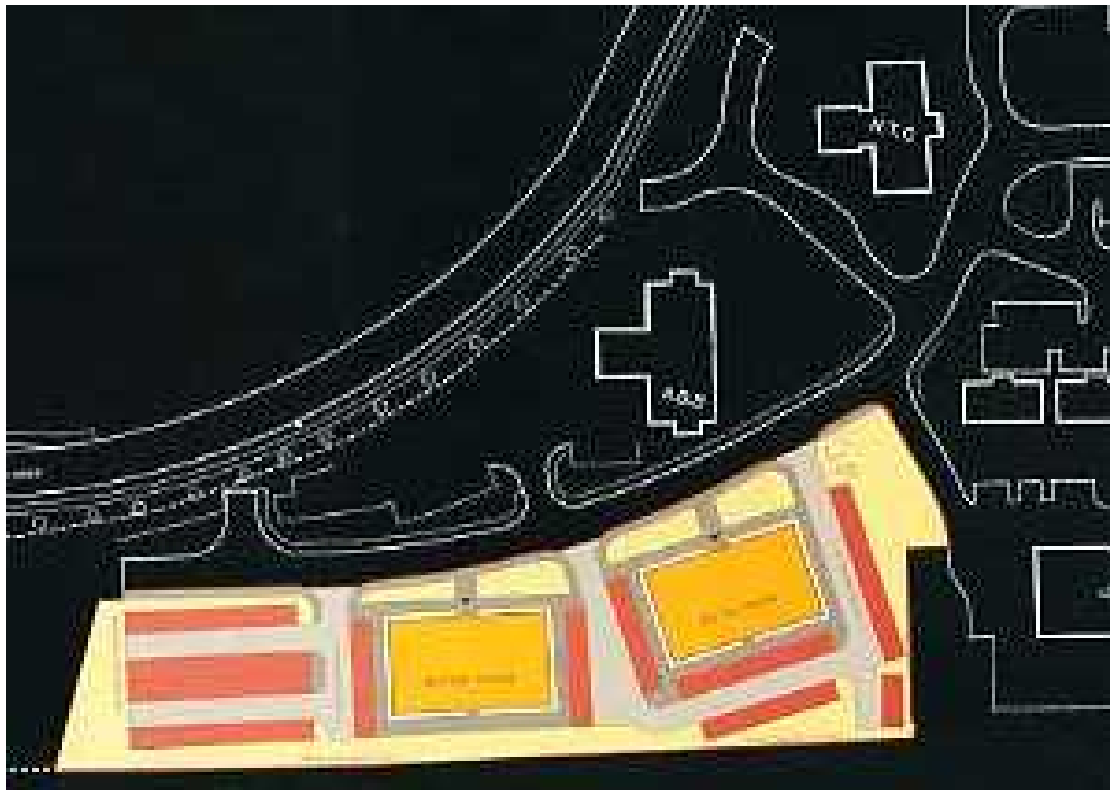
Silverlink - Enterprise Zones Aerial Photographs (hatched red)



Silverlink – Cobalt Business Park Site Plan (not to scale)



Silverlink Business Park – extension to Silverlink Business Park (Deltic House & Mistral House) (not to scale)



Sunderland Enterprise Park

SEP was TWDC's largest project, involving a massive reclamation of the old Hylton Colliery for a 'flagship' business park which acquired greater significance after the failed attempts to save Sunderland's shipyards from closure in the late 1980s. The Government reacted to the closure by conferring EZ status on Hylton and the adjacent Southwick Shipyard site in 1990. TWDC anticipated investing around £19.5 million with a further £58.5 million being contributed by the private sector in the form of new buildings and capital equipment (Robinson et al. 1993).

The 53 hectare site comprises two sub-areas, a former colliery site at Hylton riverside and former shipyard at Southwick, both of which were fully reclaimed and serviced by TWDC. Hylton riverside stretches for about 2 kilometres along the River Wear, adjacent to Wessington Way (A1231). The site is well located, with direct roundabout access onto the main Sunderland to Washington dual carriageway, affording easy access to the A19 and A1. It was formerly the site of Hylton colliery and reclamation involved the excavation of previously deposited coal workings and spoil that were burning underground. The 18 hectare Southwick shipyard site was

previously occupied by North East Shipbuilders Ltd and its reclamation necessitated the removal of large dry docks and sheds.

Sunderland Enterprise Park - Hylton Park and Riverside Development Schedule

Developer	Size (ha)	Date Completed	Floorspace sq m (buildings)	Occupiers
<i>English Estates</i>	1.7	<i>June 1990</i>	<i>4150 (3 two storey office pavilions)</i>	<i>Applied Imaging, Coniston Computers, Regional Technology Centre, Alphagraphics, Barclays Bank, Pearl Assurance</i>
<i>London and Edinburgh Trust (Sunderland Developments Ltd)</i>	2.9	<i>August 1992</i>	<i>5500 (The Industry Centre, 2 office pavilions and Defender Court comprising 11 terraced office units)</i>	<i>Sunderland University, AMSYS, DJL Software, Integra, PFE Minolta, Honeywell, Thomas Miller, OSO Hotwater, Quest Training, LC Automation, Mitsubishi, OSC Healthcare, Group 4, Business Magazine Group, PSB Training, Northern Business Forum, Workable</i>
<i>Easter Management/ Northern Land</i>	5.8	<i>June 1994 to June 1996</i>	<i>15,418 (Investor House, Rapier House plus 6 production units)</i>	<i>London Electricity, Dunlop Powerbend, Arnott Insurance, Durham Pine, Michelin Tyres, MRP Flexibles, Pearl Assurance, Sokkia, Nissan Trading, TWeDCo, Protex Technologies, Cooperative Insurance, Maquet</i>
<i>Terrace Hill</i>	1.6	<i>January 1995</i>	<i>5400 (Vantage House/Chapter House/Tower House)</i>	<i>Reg Vardy, Motherwell Information Systems, Royal London Insurance, Freedom Direct, Bibby's Factors, MFI, CITB</i>
		<i>October 1998</i>	<i>2150 (Avalon House)</i>	<i>Bals Engineering</i>
<i>Bespoke</i>	<i>1.56 + 1.7</i>	<i>June 1995 to March 1999</i>	<i>5410 (1) 2800 (1) 2800 (1)</i>	<i>Helena Bioscience</i>
<i>Northern Land Holdings Ltd</i>		<i>November 1999</i>	<i>2788 (Extrem House)</i>	<i>Berghaus</i>
		<i>January 2000</i>	<i>2649 (Riverside House)</i>	<i>Lloyds TSB</i>

(City of Sunderland 1999)

The first phase, 4182 sq m of B1 space in three pavilion style buildings, was built by English Estates in 1990, at a cost of £3m, and was eventually let to nearly a dozen different occupiers on 12 yr IRI leases with 3 yearly rent reviews. Private sector development was much slower to take off, not least because the recession curtailed demand. London and Edinburgh Trust (who had purchased Washington New Town's industrial portfolio) were to have provided the financial backing for much of the development of Hylton Riverside, but ran in to difficulties, funding only one phase. They were replaced by two other developers, Easter Management/ Northern Land and Terrace Hill, who have built nearly 50,000 sq m of B1, B2 and B8 accommodation over the next six years. Helena Bioscience also built three bespoke buildings to house their expanding operation that had relocated from Team Valley in Gateshead.

Sunderland Enterprise Park - Southwick Development Schedule

<i>Developer</i>	<i>Size (ha)</i>	<i>Date Completed</i>	<i>Floorspace (sq m) and number of buildings</i>	<i>Occupiers</i>
<i>Business Innovation Centre Phase 1</i>	<i>1.2</i>	<i>June 1994</i>	<i>4580 (31 workshops & 14 office suites)</i>	<i>Various</i>
<i>BIC Phase 2</i>	<i>0.5</i>	<i>December 1995</i>	<i>3730 (31 workshops & 19 office suites)</i>	<i>Various</i>
<i>BIC Phase 3</i>	<i>1.2</i>	<i>September 1997</i>	<i>3624 (4 factories, 9 workshops, 17 offices)</i>	<i>Various</i>
<i>BIC Phase 4</i>	<i>0.3</i>	<i>July 1998</i>	<i>1560 (36 workshops)</i>	<i>Various</i>
<i>BIC Phase 5</i>	<i>1.1</i>	<i>1999</i>	<i>(8 production units)</i>	<i>Various</i>
<i>Herrenknecht International</i>	<i>0.53</i>	<i>July 1993</i>	<i>1200 (1)</i>	<i>Herrenknecht International</i>
<i>Bespoke</i>	<i>0.775</i>	<i>June 1995</i>	<i>2330 (1)</i>	<i>Induction Bending Services</i>
<i>Bespoke</i>	<i>1.4</i>	<i>December 1995</i>	<i>5990</i>	<i>Royal Mail Luxdon Laundries</i>
<i>Bespoke</i>	<i>3.3</i>	<i>February 1998</i>	<i>9000 (1)</i>	<i>MTK</i>
<i>Bespoke</i>	<i>0.75</i>	<i>October 1998</i>	<i>7000 (1)</i>	<i>EBR</i>
<i>Remaining land</i>	<i>0.9</i>			

(City of Sunderland 1999)

Robinson et al (1993) explored the validity of TWDC's job creation claim that, over its first five years of operation it had created some 1,824 jobs in the City of Sunderland. They observed that the SEP development had not attracted much economic activity, with most of the 'new' jobs having been generated by new or existing businesses at other locations.

'The small number of new businesses and jobs at the major sites is undoubtedly disappointing.'

(Robinson et al. 1993)

Sunderland Enterprise Park - prior to reclamation 1988



Sunderland Enterprise Park - Master Plan (not to scale)



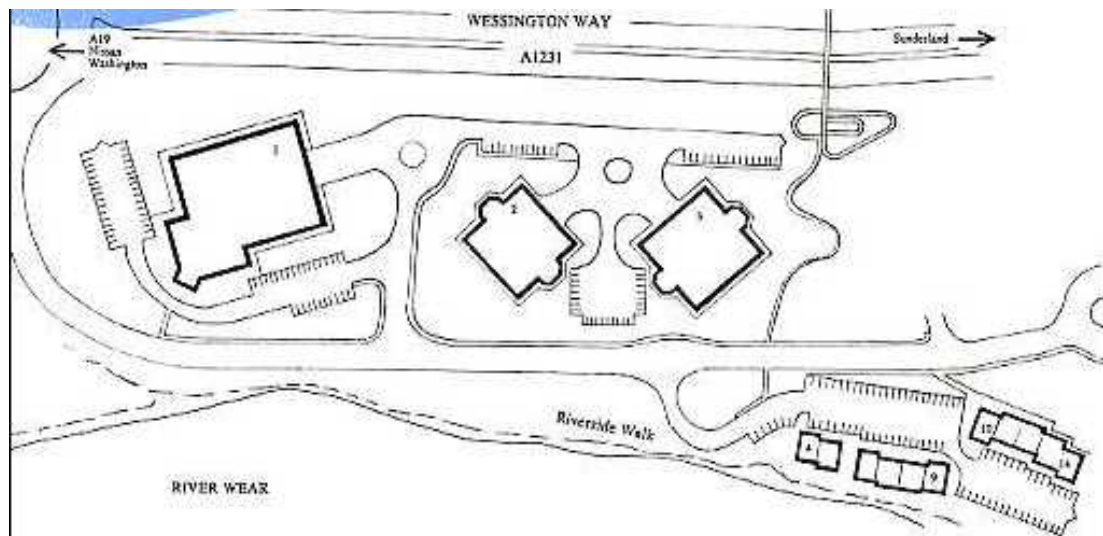
Sunderland Enterprise Park – Western sector 1998



Sunderland Enterprise Park – Eastern sector 1988



Sunderland Enterprise Park – Hylton Park Phase 1 and Phases 1-3 Site Plans (not to scale)



Sunrise Enterprise Park

Sunrise is a 6.5 ha industrial development located at the junction of the A19 and A1231. The greenfield site was developed very quickly after it was designated EZ because TWDC had already put in the necessary infrastructure. Scottish Provident developed the first phase at a cost of £7m, with a contribution of £450,000 from TWDC.

Sunrise Enterprise Park Development Schedule

<i>Developer</i>	<i>Size (ha)</i>	<i>Date Completed</i>	<i>Floorspace (sq m)</i>	<i>Occupiers</i>
<i>Scottish Provident</i>	<i>3.7</i>	<i>July 1991</i>	<i>13,940 (8)</i>	<i>Scottish Courage Group, ACS Whitaker, City Link, Donald Murray Paper, Superior Pipework, Direct Car Finance, Minolta, Premier Trade Frames,</i>
<i>Akeler</i>	<i>2.1</i>	<i>December 1993</i>	<i>3700</i>	<i>Voyager Food,</i>
		<i>June 1995</i>	<i>5180</i>	<i>Reed Print,</i>
<i>Bespoke</i>	<i>0.8</i>	<i>March 1992</i>	<i>1650</i>	<i>Reg Vardy</i>

(City of Sunderland 1999)

Original quoting rents for the industrial units was £48.50 per sq m, two of which were acquired for a pension fund at a yield of 9.33% (Sanderson Townend and Gilbert 1992c).

Team Valley Trading Estate

Team Valley is unrivalled as the premier industrial location in the North East of England. The estate covers 285 hectares and was laid out in the last 1930's, under the auspices of the 1936 Special Areas (Reconstruction) Act. It is worth noting that this was the first comprehensively planned and purpose built industrial estate in the U.K. and much attention was paid to its design and layout (King 1986).

By the early eighties, most of the land at the northern end of the estate had been developed but there was a lot of undeveloped land at the southern end and most of this (145 hectares) was included in the Tyneside EZ in 1981. The delineating of the Team Valley EZ was crude and included many existing occupiers, who received a windfall 10 year rates holiday for doing nothing. This is an example of deadweight and later EZ's were careful to draw their boundaries more precisely to minimise this and for this reason all pre-existing firms have been ignored for the purposes of the study.

Gateshead MBC, unlike Newcastle City Council, made the effort to monitor the EZ's in their borough and published a final EZ monitoring report in 1992 (Gateshead MBC). It revealed that between 1981 and 1991 the land available for development had reduced from 73 hectares to a mere 5.7 hectares and the number of firms within the former zone had increased from 51 to 366, with a corresponding increase in employment from 4,380 to 11,616. GMBC described the zone as the most active of the three in the Borough with almost all of its area developed by the end of its life, mostly for general industrial and warehousing use, although there was significant retailing and office development (Gateshead MBC 1992).

The report goes on point out that the amount of land taken up actually exceeded that available at the start of the zone's life due to additional land becoming available due to the demolition of obsolescent premises. During the life of the zone, 63% of all floorspace developed was for industry, with 22% for offices and 15% for retailing, and 500 firms moved on to the zone, of which 55% were manufacturing or warehousing, 38% were service industries and 7% were retailing (Gateshead MBC 1992).

English Estates estimated that by 1993, two years after the expiry of the EZ, there had been over £100m of private sector investments to develop over 250,000 sq m of

floorspace, of which 164,000 sq m was industrial (B2, B8), 49,250 sq m was office (B1) and 44,000 sq m was retail (excluded from the study) (English Estates 1993).

TVTE - New Floorspace Started on Team Valley Zone 1981-1991 (sq m)

<i>Year</i>	<i>General Industry</i>	<i>Office</i>	<i>Retail & Services</i>	<i>Total</i>
1981	6,859	0	0	6,859
1982	8,461	2,660	0	11,121
1983	1,450	0	0	1,450
1984	14,659	873	0	15,532
1985	4,986	0	0	4,986
1986	8,436	1,50	27,545	37,331
1987	14,400	1,900	0	16,300
1988	6,325	4,473	770	11,568
1989	27,180	11,630	0	38,810
1990	14,244	16,470	0	30,714
1991	11,061	3,299	0	18,226
	118,061	42,655	28,315	192,897

(GMBC 1992)

TVTE - Area of Land Developed by Developer between 1981 and 1995

<i>Year</i>	<i>EE Direct (ha)</i>		<i>EE Sold (ha)</i>		<i>Private Speculative (ha)</i>		<i>Private Bespoke (ha)</i>		<i>Total (ha)</i>
	<i>Industrial</i>	<i>Office</i>	<i>Industrial</i>	<i>Office</i>	<i>Industrial</i>	<i>Office</i>	<i>Industrial</i>	<i>Office</i>	
1981	0.64	0	0	0	4.09	0	0	0	4.73
1982	0.42	0	0.56	0	0	0	2.13	0	3.11
1983	1.45	0	0	0	0	0	0	0	1.45
1984	0.88	0.81	0	0	0	0	3.03	0	4.72
1985	0	0	1.38	0	0	0	4.31	0	5.67
1986	0.89	0	0	0	0	0	4.24	0	5.13
1987	0	0.68	3.15	0.76	0	0.29	2.20	0	7.08
1988	0	0	4.57	0	0	0.58	1.68	1.13	7.96
1989	0	0	0	0	6.02	0.96	3.54	0.61	11.13
1990	0	0	0	0	0	3.03	0.10	1.02	4.15
1991	0	0	0	0	4.33	1.17	1.49	0	6.99
1992	0	0	0	0	1.81	0.31	2.40	0	4.52
1993	0	0	0	0	0	0	0.79	0	0.79
1994	0	0	0	0	0.61	0	0	0	0.61
1995	0	0	0	0	1.62	0	0.40	0	2.02

(English Partnerships 1999)

English Estates were involved in developing approximately a quarter of the land but private developers became far more active once the EZ had been designated and private bespoke development accounted for 42% of industrial land take-up. During the life of the EZ the rate of development was 5ha per annum and by 1994 rents had reached £43 per sq m pa, a level at which the private sector could begin to consider speculative development without public sector assistance (Llewelyn Davies et al. 1998).

This is confirmed by the above tables that profile the area of land developed, between 1981 and 1995, by developer. It shows how by the mid-eighties, private sector speculative and bespoke development, in both office and industrial markets, had taken over from public sector direct development. This trend continued beyond the life of the EZ even during the property market recession of the early nineties, confirming that industrial values on TVTE had reached a level that made development viable without public sector subsidy.

Team Valley's property market has continued to perform strongly, with industrial development land values increasing 25% between 1988 and 1997, to over £370,000 per hectare (Journal 1999). TVTE has also set some of the highest industrial rents in the region at £53.80 (Estates Gazette 2003).

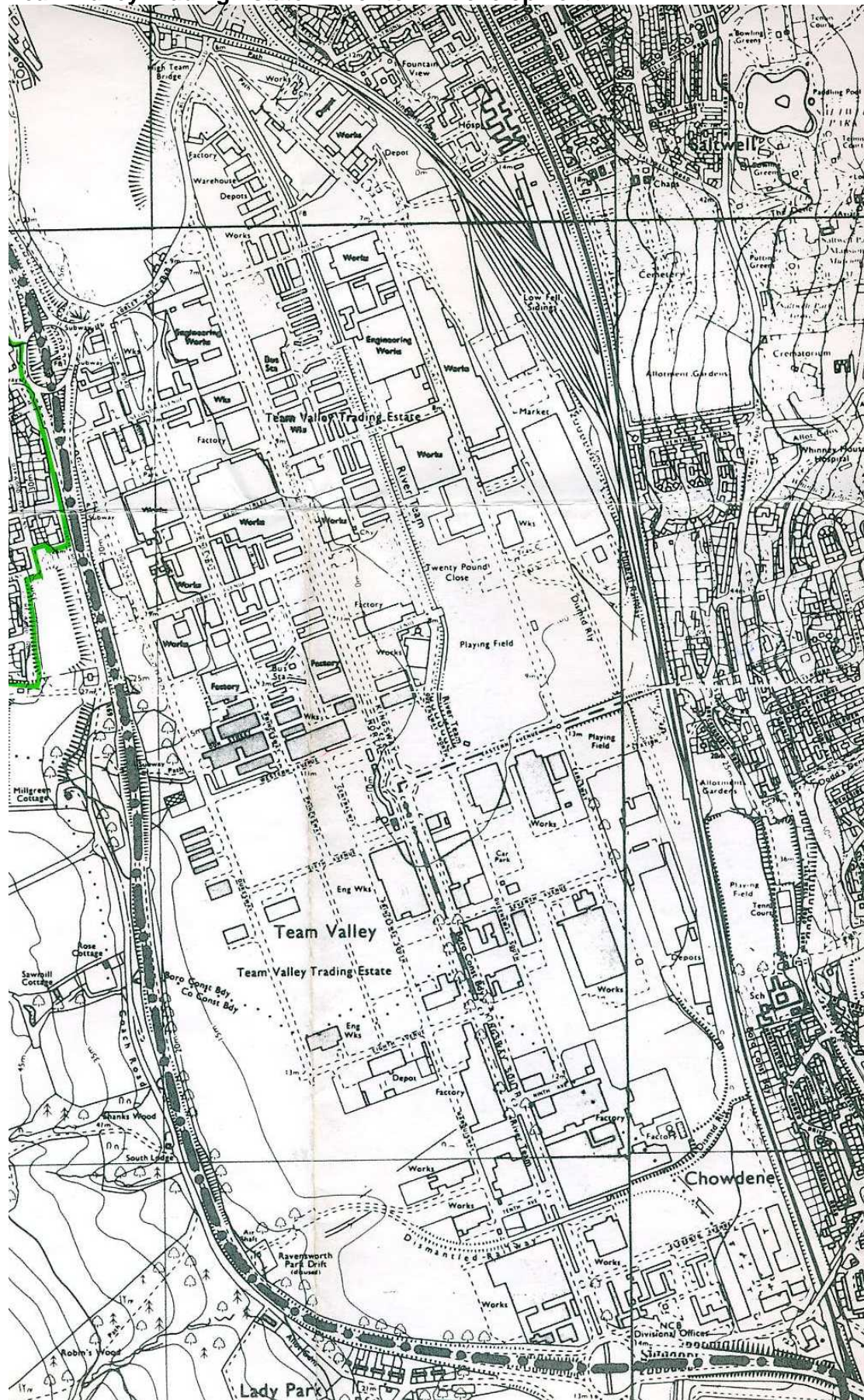
Team Valley Trading Estate - EZ Developments (English Estates 1993)

Development	Developer	Status	Date Built	Size sq m	Cost £
11 th Avenue	EE	D	1983	5112	850,000
Dukesway 1	EE	D	1984	5948	608,000
Reid Extension	EE	D	1982	2788	316,000
Dukesway 2	EE	D	1986	4507	644,000
Enterprise House	EE	D	1984	3717	1,200,000
Digital Equipment	EE	D	1987	1329	750,000
Cameron Hall Units, 11 th Avenue	EE	S	1982	1394	253,000
Princesway	EE	S	1987	4480	1,000,000
Bonas, Dukesway	EE	S	1988	9387	2,320,000
Advance Factories, Princesway North	EE	S	1988	4647	1,700,000
Marquisway	EE	S	1985	4182	1,260,000
Dukesway 3	EE	S	1987	3973	900,000
Jedburgh Court, 11 th Avenue	EE	S	1987	4526	1,890,000
Legal and General, 11 th Avenue	EE	S	1981	16,729	2,493,000
Kingsway House	EE	S	1987	2974	1,450,000
Carlton Court, 5 th Avenue	Ploughland	P	1987	1041	835,000
Team Valley Shopping Parade	Southlands	P	1988	744	1,200,000
Dukesway	Akeler	P	1989	4461	1,900,000
Pricesway	Intercounty	P	1989	6701	2,610,000
Octavian Way, Dukesway	EZD	P	1989	7821	3,130,000
Hadrian's Court, 7 th Avenue	EZD	P	1989	1615	676,000
5 th Avenue Business Park	Medeco	P	1989	2296	1,505,000
5 th Avenue Plaza	Ploughland	P	1990	2361	1,520,000
Kingfisher House	EZD	P	1990	3523	2,645,000
Marquis Court, 10 th Avenue	Stadium	P	1991	4461	2,400,000
Victory and Mayflower House, 5 th Avenue	Akeler	P	1990	5855	4,633,000
9 th Avenue	Mowtivators	P	1991	943	460,150
The Avenues Offices, 9 th	EZD	P	1991	4089	2,789,287

Avenue					
The Avenues Industrial, 9 th Avenue	EZD	P	1991	6134	3,009,287
Lakeside Court, 5 th Avenue	Ravensworth	P	1991	1560	1,925,000
Dukesway	Vignor	P	1991	6320	3,090,000
9 th Avenue	Strongjob	P	1991	465	159,000
Boston House, 5 th Avenue	Ploughland	P	1991	595	520,000
7 th Avenue	Henry Colbeck	O	1982	1859	350,000
Kingsway	Exact Engineering	O	1985	1022	285,000
Kingsway	Wilkinson and Simpson	O	1985	1394	360,000
Kingsway	Express Engineering	O	1987	1673	450,000
Kingsway	Chipchase	O	1986	279	100,000
Dukesway	Domnick Hunter	O	1988	2788	750,000
Dukesway	Ringtons	O	1989	530	204,000
5 th Avenue Business Park	Tolent Construction	O	1989	1208	775,000
Kingsway	Express	O	1989	558	205,000
Kingsway	EBR	O	1989	1022	330,000
Dukesway	Bonas Extension	O	1991	3904	2,000,000
Kingsway South	Mowlem	O	1991	2416	2,085,000
TOTALS				155,331	60,534,724

Developer EE English Estates
Status: D Direct development by English Estates
 S Built by EE and sold on
 P Private sector speculative development
 O Privately built/owner occupied

Team Valley Trading Estate - Prior to EZ Development



Team Valley Trading Estate – Plan circa 2000 (not to scale)



TEDCO Centre

The £2.8m business centre was built on a 1.9 hectare site located to the north west of Jarrow town centre in South Tyneside. It sits within the Viking Industrial Park (see 4.2.19) but has been separated out for the purposes of this study because it is a self contained entity. The site was reclaimed and serviced by TWDC before being developed by Tyneside Economic Development Company (TEDCO) to provide one of the biggest (4647 sq m) small business centres in Tyne and Wear. It is a purpose-built managed workspace, providing office suites, assembly and manufacturing units for SMEs, ranging from 9.3 sq m to 69.7 sq m. The accommodation is available on monthly licence terms that include rent, rates, power and shared facilities such as car parking, reception, switchboard service, kitchen, cleaning, postal collection and delivery and security. Licence fees start from as little as £25 per week and discounts are available for business people under the age of 26. TEDCO also provides free business advice for SMEs in partnership with business link (TEDCO 1999). Particular effort was been made to make the site as secure as possible whilst still offering 24 hour access, and so successful has this been that some occupiers do not need pay for insurance.

The development was funded by a variety of public sector sources including TWDC (£600,000), ERDF, STMBC, South Tyneside Task Force and Tyneside TEC, as well as private sector sponsors such as Proctor and Gamble and Rolls Royce. TEDCO have since built another business centre in South Shields at a cost of £3.8m, offering 70 commercial units, funded again by TWDC and ERDF (The Journal 2000).

Viking Industrial Park

Viking is located in South Tyneside, between Jarrow Town centre and the River Tyne, in an area dominated by manufacturing and industrial uses. It comprises a total of 24 hectares across five separate sites namely, King's Court, Royal Industrial Estate, Rolling Mill Road, the Network Centre and the Eco-centre. TWDC anticipated that the total cost of the project would be around £20m, with about a third being contributed by them. The land was reclaimed and serviced by TWDC using ERDF funding (30%), following which English Estates built 3996 sq m of industrial units at King's Court and a £210,000 grant from TWDC allowed the local authority to complete a further 8086 sq m of industrial space named Royal Industrial Estate (Tyne and Wear Development Corporation 1994).

TWDC then reclaimed a further 12 hectares of land, previously occupied by a steel rolling mill, and built a new access road, the appropriately named Rolling Mill Road, at a cost of £2.2m. There were many problems encountered during the reclamation works due to ground contamination; pockets of lead, steel, oil and acids had to be removed whilst less contaminated soil was buried beneath the newly constructed roads, buildings and hard standing. The removal of physical dereliction also caused delays when three layers of foundations were discovered beneath the old steel works.

The first development on the reclaimed land was the Northumbria Police National Diver and Marine School, built on 0.8 hectares on the riverbank. TWDC believed that the site could accommodate up to 28,000 sq m of industrial accommodation but due to weak demand only a few, mainly bespoke units were constructed. It was only when the remaining land, and another two sites to the west, were given EZ status that speculative private sector development took place, with five industrial units providing over 7000 sq m being built along Rolling Mill Road. Unfortunately, demand has remained weak and the units have taken a long time to let; at the time of the survey two remained vacant. One of the reasons for this failure was because the Local Planning Authority restricted the development to B1 use only and would not give B2 or B8 consents.

The Eco-Centre is an innovative 'green' office built by South Tyneside Groundwork Trust using 23 different funding sources, to provide 1394 sq m of the most sustainable business accommodation in the country. It has its own wind turbines, solar panels, bio-diesel generators, a roof made from recycled cans and self-composting toilets (Nicholson-Lord 1996). Its 16 suites house not just the Groundwork Trust, but a number of SMEs attracted by the concept, and it was one of eight winners of the RICS national environment and conservation award in 1997 (The Journal 1997).

The final element completing Viking Industrial Park is the Network Centre, built on EZ land by Network Space, a joint venture between EP and the Langtree Group. It provides 2911 sq m of industrial space in three terraced blocks, in units ranging from 81 sq m to 243 sq m.

Viking Industrial Park - Phases of Development

Development	Size (sq m)	Developer	Occupiers
King's Court	3996	English Estates	Various
Royal Industrial Estate	8086	STMBC	Various
Rolling Mill Road	Circa 9000	Bespoke	Aztec Precision Engineering, RJI Engineering C&D Insulation, Direct Solutions International and Sycopel
Rolling Mill Road	7000 +	Speculative	Direct Solutions International, Lehmann's
Eco-Centre	1394	South Tyneside Groundwork Trust	Central Office Ltd, Secura-Tec Ltd, Marsden Rock Security, Shaw Trust, Independent Financial Consultants, JDI Consulting, Fast Temp Recruitment, Groundwork Trust
Network Centre	2911	Network Space	Alphagenerics Pharmaceuticals

Property values at Viking have remained lower than other EZs, for example Lehmann's bought their 1208 sq m unit at a price that equated to £53.80 per sq m. In 2003 industrial rents were quoted at £42.50 per sq m (Estates Gazette 2003).

Viking Enterprise Park - OS (1: 2500) identifying EZ (thick black line)



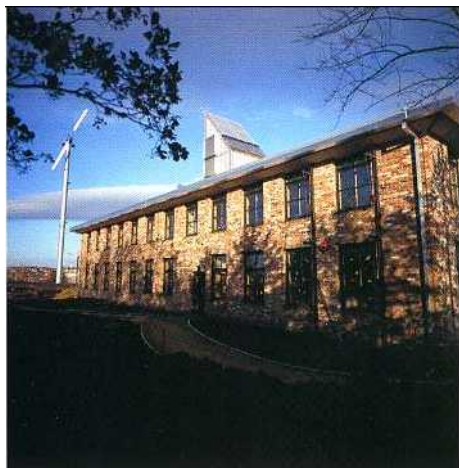
[illegible]

An aerial photograph of the Port of Los Angeles area. The image shows a complex mix of land use along the waterfront. On the left, a large body of water (the harbor) is visible. Along the shoreline, there are several industrial facilities, including large warehouses and docks. A prominent feature is a long, dark, rectangular industrial building. To the right of this, there are several smaller, red-roofed buildings. Further inland, there are residential neighborhoods with rows of houses and some commercial buildings. The area is characterized by a mix of green spaces, roads, and industrial infrastructure. The overall scene depicts a busy port area with a blend of industrial and residential development.

Viking Industrial Park – after reclamation and construction of TEDCO centre and first phase of EZ development 1998



Viking – Eco Centre offices of Groundwork Trust



Walker Riverside

The 24 hectare site is situated in Newcastle, on an east facing flank of a bend in the River Tyne and consequently suffers from poor road access, although it does have its own quay and 40 and 250 tonne cranes, maintained by Shepherds Offshore. TWDC spent £2.5m on land reclamation, demolition of old railway bridges, extension of the quay and the building of a new spine road (Tyne and Wear Development Corporation 1994).

'TWDC became involved with the City Council's Offshore Technology Park which was on the site of a disused shipyard that the Council had bought in the early 1980s and partly reclaimed using DLG for industrial use linked to the offshore oil and gas industry. Short of resources, the Council accepted

TWDC as partners to reclaim, service and market the remainder of the site and renamed it the 'Walker Riverside Technology Park', in an effort to broaden its appeal, given the difficulties encountered in attracting offshore industries'

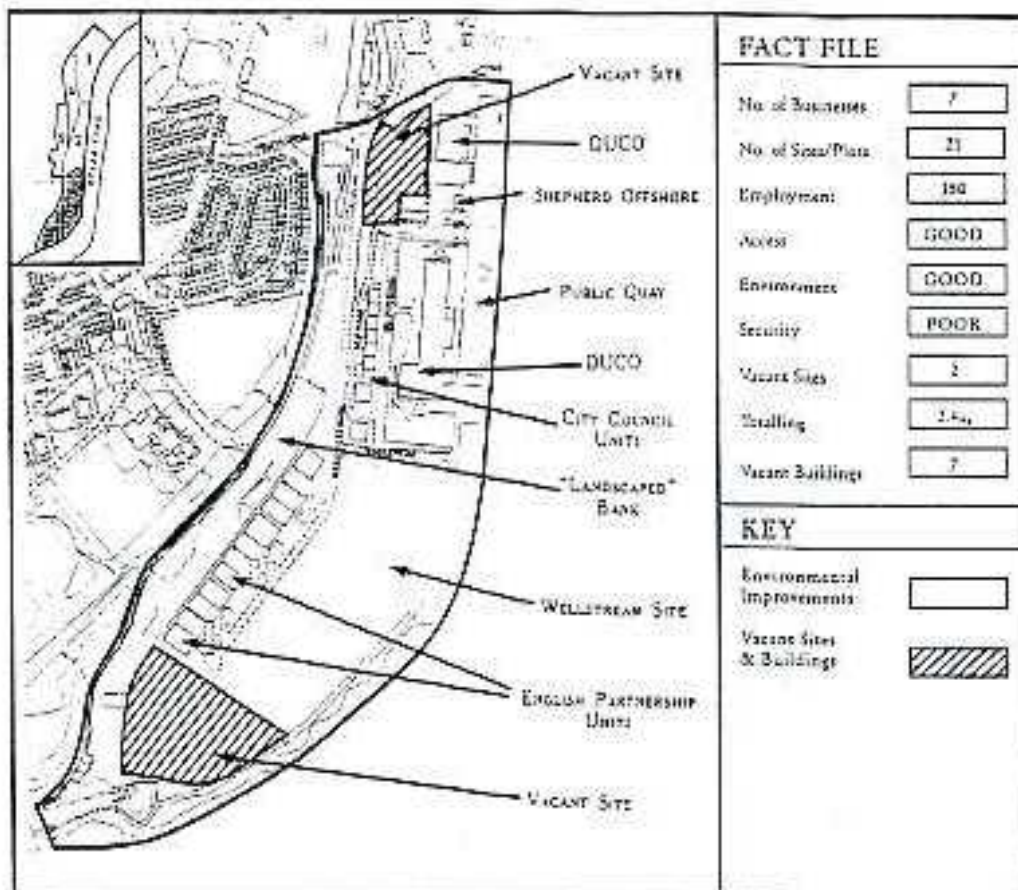
(Robinson et al. 1993)

Newcastle City Council had previously built a 2556 sq m terrace of nine small industrial units on Empress Road. In 1994 English Estates constructed six larger industrial units on Wincomlee Road, ranging from 884 sq m to 1263 sq m (6190 sq m in total). The latter were let at rents of between £36 and £38 per sq m p.a. when the 2.1 hectare development was sold at auction in 1999.

Walker eventually fulfilled its potential when, in 1997, Wellstream, a Florida based manufacturer of flexible umbilical cables for offshore oil production vessels, invested £35m in a 25,000 sq m production facility and a further £2m on their European HQ office. They received financial assistance from the DTI, TWDC and EP (£2.33m) on the expectation that they would create up to 350 new jobs. The City Council had already secured money from SRB, ERDF and Capital Challenge, to invest in the area. A single 5.7ha plot now remains undeveloped at the southern end of the site.

Walker Riverside - Site Plans (not to scale)





Walker Riverside aerial photograph 1970



Walker Riverside – before reclamation1985



Walker Riverside aerial photograph 1998



APPENDIX B

**Supporting information for Phase 1 comprising occupier database,
questionnaire and telephone surveys**

Database Fields (order as per questionnaire)

Name of Field	Description	Standard responses
Occupier	Name of occupier	Specific
Address	Address of occupier	Specific
Employees Current	Number of employees at time of survey	Nominal
Employees Post	Number of employees immediately after moving	Nominal
Employees Prior	Number of employees immediately prior to moving	Nominal
Nature of business	Business sector which firm or organisation is involved in	Section 3.3.4 and Table 3.3.4c
Activity	Nature of activity which takes place as premises	See Section 3.3.4; Sales and supply; management and administration; manufacture and assembly; supply and distribution; as per nature
Status	Status of firm/organisation at particular premises	See Section 3.3.5; new start-up; new branch; branch relocation; transfer; unknown
Previous location	Address of old premises if a transfer or branch relocation	Specific
Assistance	Public sector support by organisation or funding regime	UDC grant; business support (DTI RSA); local authority grant; City Challenge; English Partnerships; EZ rates relief; EZ capital allowances; City grant (gap fund); Derelict Land Grant; other; none;
Contact Name	Name of person surveyed/interviewed and position in organisation	Specific
Development Name	Name of development on which located	One of the 20 developments
Size	Area of accommodation occupied (NIA for office, GIA for industrial) in square feet	Section 3.2.3; Less than 500; 501 to 2000; 2001 to 10,000; 10,001 to 20,000; 20,001 to 50,000, 50,000 or greater (square feet)
Tenure	Occupier's nature of tenure	Owner occupier; tenant; licensee; other
Rent	Rent per sq ft per annum or gross annual	£ per sq ft p.a. or nominal
Service Charge	Service charge per sq ft per annum or gross monthly/ annual	£ per sq ft p.a. or nominal
Date of move	Date occupier moved to premises	Month/Year (assumed first day of month and month of June if only year given)
Size of former premises	Area of accommodation previously occupied (NIA for office, GIA for	Less than 500; 501 to 2000; 2001 to 10,000; 10,001 to 20,000; 20,001 to 50,000, 50,000 or greater (square

	industrial) in square feet	feet)
Time at old premises	How long the firm or organisation had been at their old premises if branch relocation or transfer	Years nominal
Predicted stay	Anticipated stay at current premises	Short (less than 3 years); medium (3 to 10 years); long (greater than 10 years)
Predicted employee change	Anticipated change in number of employees	Increase; decrease; no change.
Reason for relocation (x5)	Rank top 5 reasons for moving	Section 3.3.6
Investment in new premises	How much occupier had spent on new premises	£ nominal
Alternative option	What would the occupier have done in the absence of the premises being available	Stayed (in old premises); ceased trading; not started-up; stayed in local area; moved out of conurbation; other

Access Database Occupier Form

Occupier

Name :	THUS plc	Business:	Telecommunications
Development name	Armstrong Industrial Estate	Activity:	as per nature
Address:	12-14 Invincible Dr, Armstrong Industrial Pk	Investment in new premises (£):	
Tenure	Tenant	Alternative option:	local
Rent £ per sqft/m:	£4.52	Employees current:	0
Service charge £:		Status:	New branch
Size of unit:	2001-10,000	Employees post:	0
predicted employee change:	no change	Assistance:	none
Previous location:		Employees prior:	
date of move:	1/6/99	predicted stay:	long
Size of former premises:		relocating rank 1:	other
time at old premises (years):		relocating rank 2:	
Notes:	370sq m for £18,000 22.5yrs NCC tel ex proxim to network	relocating rank 3:	
Contact:	Brian Henderson 0141 566387	relocating rank 4:	
		relocating rank 5:	
		Interview:	<input type="checkbox"/> Close

Name :	WILLIAM WILSON LTD	Business:	Wholesaling
Development name	Armstrong Industrial Estate	Activity:	sales & supply
Address:	1-7 INVINCIBLE DR, ARMSTRONG I. E., NEWCASTLE	Investment in new premises (£):	
Tenure	Tenant	Alternative option:	local
Rent £ per sqft/m:		Employees current:	13
Service charge £:		Status:	Transfer
Size of unit:	10,001-20,00	Employees post:	13
predicted employee change:	increase	Assistance:	EZ rates relief
Previous location:	51 Lime St Ouseburn, Steenb	Employees prior:	13
date of move:	1/6/88	predicted stay:	long
Size of former premises:	2001-10,000 sq ft	relocating rank 1:	other
time at old premises (years):		relocating rank 2:	other
Notes:	prev Reay Electrical then Sellers;HO Aberdeen; other: only available and shell;	relocating rank 3:	
Contact:	Lyn Walters 01224 877522 pro	relocating rank 4:	
		relocating rank 5:	
		Interview:	<input type="checkbox"/> Close

DoE 1993 City Grant Research Questionnaire

APPENDIX 1 : OCCUPIER QUESTIONNAIRE

DEPARTMENT OF ENVIRONMENT CITY GRANT EVALUATION

NAME:	
POSITION:	
COMPANY:	
ADDRESS:	
POSTCODE:	
TELEPHONE NO:	
DATE:	
BUSINESS UNDERTAKEN AT THIS ADDRESS:	

SECTION A - PREMISES		
Q1	When did you first occupy these premises?	From To
Q2	Were you the first occupier of the premises. (If Yes - Go to Q4)	YES NO
Q3	Do you have the name and current address of the previous occupier? Name: _____ Address: _____ _____	YES NO
Q4	Was your business previously at another address? Street: _____ Town: _____ Post Code: _____	YES NO
Q5	How large were your previous premises?	YES NO
Q6	Have you vacated these previous premises?	YES NO

SECTION B - PREMISES SELECTION		
Q7	Why did you move to your existing premises? Did you require: (Tick all relevant boxes and circle <u>most</u> important reason)	
	1. Larger premises	1
	2. Smaller premises	2
	3. Additional premises	3
	4. Better location	4
	5. Higher Quality	5
	6. Labour Availability	6
	7. To Retain key staff	7
	8. Other (specify below)	8

Q8	Were alternative premises considered? (See Q4 - Q6 for Q11)	YES NO
Q9	Where were these (next best alternative)? Address: _____ Post Code: _____	
Q10	Were these premises less than 10 years old?	YES NO
Q11	Had they been previously occupied?	YES NO

SECTION B - PREMISES SELECTION Cont'd		
Q12	Did you prefer your existing premises over the next best alternative because they offered: (Tick all relevant boxes and circle <u>most</u> important reason)	
	1. Lower price	1
	2. Higher quality	2
	3. Better lease terms	3
	4. Better location	4
	5. Better environment	5
	6. Immediate availability	6
	7. Other (specify below)	7

Q13	If your existing premises had not been available would you have: (Tick one box only)	
	1. Stayed in previous premises	1
	2. Occupied other premises within area	2
	3. Occupied other premises outside area	3
	4. Ceased trading	4
	5. Not opened (new business)	5
	6. Other (specify below)	6

Q14	Did you know the premises had received Government grant assistance? <small>(If 'No' - go to Q16)</small>	YES	
Q15	Did this affect your decision?	YES	
		NO	

SECTION C - EMPLOYMENT			
Q16	How many people (1) are permanently employed at this address? <small>(If less than 10, give number; if over 10, give range)</small>	FULL TIME	PERSONS
Q17	How many people were permanently employed when you first occupied the premises?	FULL TIME	PERSONS
Q18	How many people were employed at your previous premises?	FULL TIME	PERSONS
Q19	How many people are still employed by you at your previous premises?	FULL TIME	PERSONS
Q20	Of the employees at this address what percentage are:-		
	1. Manual	1	%
	2. Clerical/Administrative	2	%
	3. Technical	3	%
	4. Managerial/Professional	4	%
			100 %

(1) All references in this section are to permanently employed staff.

SECTION C - EMPLOYMENT Cont'd			
Q21	How many people do you expect to employ at this address in one year's time? <small>(If less than 10, give number; if over 10, give range)</small>	FULL TIME	PERSONS
Q22	Approximately what percentage of your employees at this address live within the area outlined on the attached map? <small>(If less than 10, give number; if over 10, give range)</small>	FULL TIME	PERSONS
Q23	Approximately what proportion of your employees at your previous address lived (or live) within the same area? <small>(If less than 10, give number; if over 10, give range)</small>	FULL TIME	PERSONS
Q24	When a new vacancy arises will you seek to employ somebody from within this area? <small>(If less than 10, give number; if over 10, give range)</small>	YES	
Q25	Why would you not seek to employ somebody from within this area? <small>(Tick all relevant boxes and circle most important)</small>		
	1. Skill Shortage	1	
	2. Pay levels too high	2	
	3. Too few candidates	3	
	4. Other (specify below)	4	

SECTION D - YOUR MARKET			
Q26	In which business sector does your company operate?		
	1. Manufacturing	1	
	2. Warehousing & Distribution	2	
	3. Professional & Business Services	3	
	4. Retailing	4	
	5. Leisure & Hotel	5	
	6. Other (specify below)	6	
Q27	What proportion of demand for your goods and services has been:-		
	1. Transferred from previous premises		%
	2. New Business generated since occupation		%
	3. Won from Competition since occupation		%
			100%
Q28	What proportion of your customers are located:-		
	1. Within the area on the map		%
	2. Within your Region(2)		%
	3. Within Rest of UK		%
	4. Overseas		%
			100%

(2) -----

SECTION D - YOUR MARKET Cont'd			
Q29	What proportion of your competitors are located:-		
	1. Within the area on the map		%
	2. Within your Region(2)		%
	3. Within the rest of the UK		%
	4. Overseas		%
			100%
Q30	What proportion of your suppliers are located:-		
	1. Within the area on the map		%
	2. Within your Region(2)		%
	3. Within the rest of the UK		%
	4. Overseas		%
			100%
Q31	Was proximity to customers complete or supplies most important in choosing your existing location:		
	Customers		
	Competition		
	Suppliers		
	None of the above		
Q32	What was your turnover at this site in the last financial year?	£	
Q33	What was the capital investment in your business following your move to these premises (ignoring any costs for acquiring the premises)?	£	
Q34	How much of this investment would have been made if you had not moved to these premises?	£	

(2) -----
Thank you for your assistance in completing this questionnaire. If there are any other issues or comments you wish to raise please do so in the space provided overleaf.

Pilot Questionnaire

Business Occupier Survey: Pilot Questionnaire

Please answer the questions in each section as indicated. Select a category by ticking the appropriate box(es) where indicated.

Section 1: Business details

Q1. Name of business:

Q2. Please confirm the nature of your business:

e.g. the business sector in which you operate

Q3. What is the main activity at this address?.....

e.g. manufacture, administration, sales, distribution, R&D etc.....

Q4. What is the status of your business?

Existing business on site pre 1980 ☐

Transfer of business (relocation from elsewhere) ☐

Branch relocation (relocation of a branch from elsewhere) ☐

New branch on site post 1980 (expansion) ☐

New start-up on site post 1980 ☐

Section 2: Accommodation - to be answered by all

Q5. What is the size of the accommodation which you occupy?

Please tick the appropriate box

Industrial space (gross internal):

< 1000 sq ft (<93 sq m) ☐

1001-2000 sq ft (94 -186) ☐

2001-5000 sq ft (187- 464) ☐

5001-10,000 sq ft (465 -929) ☐

10,001-20,000 sq ft (930 -1858) ☐

20,001 sq ft > (1859 sq m >) ☐

Office space (net internal):

< 2000 sq ft (<186 sq m) ☐

2001-5000 sq ft (187- 464) ☐

5001-10,000 sq ft (465 -929) ☐

10,001-20,000 sq ft (930 -1858) ☐

20,001-50,000 sq ft (1859- 4645) ☐

50,001 sq ft > (4646 sq m >) ☐

Q6. What are the terms of your occupation?

owner occupier ☐

tenant ☐

Licence or other ☐

please go to question 9 overleaf

please continue

please continue

Q7. What rent are you paying per annum?

£.....

Please express in gross terms if you do not know the rate per square foot/metre

Q8. What, if any, incentives did you receive from the landlord when you took occupation? Please describe any incentives received and the value of such if known

.....

Q9. What assistance did you receive when you moved?

Please identify the source(s) and value of any assistance received

Urban Development Corporation business grant	<input type="checkbox"/>	£.....
DTI Business Support Grant	<input type="checkbox"/>	£.....
Local Authority Grant	<input type="checkbox"/>	£.....
City Challenge	<input type="checkbox"/>	£.....
English Partnerships	<input type="checkbox"/>	£.....
Enterprise Zone Rates relief	<input type="checkbox"/>	£.....
Enterprise Zone Tax Allowances	<input type="checkbox"/>	£.....
City Grant	<input type="checkbox"/>	£.....
Derelict Land Grant	<input type="checkbox"/>	£.....
Other assistance: please describe	<input type="checkbox"/>	£.....

Section 3: Employees - to be answered by all

Q10. How many people are currently permanently employed at this address?
Please express in terms of full time and part time employees

FT..... PT.....

Q11. How many people were employed by your business immediately prior to moving to this address?

Transfers and branch relocations only need answer this question FT..... PT.....

Q12. How many people were employed when you first moved to this address?

FT..... PT.....

Q13. Is a change in the number of people working at this address planned?

Increase ☐ Decrease ☐

Section 4: Origins - not to be answered by existing businesses (pre 1980) and new start ups

Q14. When did you move to this address?monthyear

Please indicate the date when you moved to this address

Q15. Where did you move from?Road

Please provide postal address of former premisesTown
.....Post Code

Q16. What was the size of your old premises?

Please express in square feet or square metres using categories from Question 5

Q17. Have you vacated these premises? Yes ☐ No ☐

Q18. How long had you been at your old premises?years

Section 5: Reasons for (re)locating - to be answered by all

Q19. Why did you (re)locate to your current address?

Identify all reasons in the first column then rank the top 5 reasons in order of priority in the second column, with 1 being the most important and 5 being the least

Reason	Tick if relevant	Rank
To allow expansion of business	<input type="checkbox"/>	<input type="checkbox"/>

To allow rationalisation of business	<input type="checkbox"/>	<input type="checkbox"/>
Better location for business	<input type="checkbox"/>	<input type="checkbox"/>
Best value for money for premises	<input type="checkbox"/>	<input type="checkbox"/>
Better quality/more modern accommodation	<input type="checkbox"/>	<input type="checkbox"/>
Proximity/availability of workforce	<input type="checkbox"/>	<input type="checkbox"/>
Better transport communications	<input type="checkbox"/>	<input type="checkbox"/>
Availability of car parking	<input type="checkbox"/>	<input type="checkbox"/>
Facilities provided	<input type="checkbox"/>	<input type="checkbox"/>
Best environment for workforce	<input type="checkbox"/>	<input type="checkbox"/>
Best package of assistance	<input type="checkbox"/>	<input type="checkbox"/>
Improved security	<input type="checkbox"/>	<input type="checkbox"/>
Better telecommunications	<input type="checkbox"/>	<input type="checkbox"/>
Other (please detail)	<input type="checkbox"/>	<input type="checkbox"/>

Q20. How much money have you invested in the new premises?
£.....

In terms of fitting out and new equipment and for owner occupiers, the price of the land and building

Q21. How long do you see your business remaining at the premises?

Short term (say 1-3 years)	<input type="checkbox"/>
Medium term (say 3-10 years)	<input type="checkbox"/>
long term (say 10 years +)	<input type="checkbox"/>

Q22. What would you have done if new premises had not been available?

Stayed in old premises	<input type="checkbox"/>	Occupied other premises in area	<input type="checkbox"/>
Ceased trading	<input type="checkbox"/>	Occupied other premises outside area	<input type="checkbox"/>
Not started up	<input type="checkbox"/>	Other: please state.....	<input type="checkbox"/>

Thank you for taking the time to complete this questionnaire.

If you would consider being interviewed, at your convenience, about your occupation, please indicate below;

<input type="checkbox"/> Yes, I would be prepared to be interviewed
<input type="checkbox"/> No, I would not like to be interviewed

Please return this questionnaire in the stamped addressed envelope to:

**Paul Greenhalgh, Department of the Built Environment
Ellison Building, Ellison Place, Newcastle upon Tyne, NE1 8ST**

Analysis of pilot questionnaire

Number of questionnaires despatched: 25 Date: 29/10/97
Returns as at 18/12/97 11 Rate: 44%

Implementation

All recipients were sent questionnaires under a covering letter which was addressed to a named individual where known. Ten questionnaires were returned within two weeks. After five weeks all non-returners were telephoned or were sent a reminder letter, this elicited one more return.

Analysis of Questionnaires

This analysis should be read in conjunction with a copy of the pilot questionnaire.

Section 1 - this simple section generated a useful response, Q4 being the critical one

Q2. Nature of Business - coded up easily using my classifications which need to be integrated into the SIC ones; 1 financial; 3 property; 1 travel; 3 computing; 1 education; 2 civil service.

Q3. The activity just elaborated on Q2 and revealed little

Q4. 1 branch relocation; 4 transfers of business; 1 new branch; 3 new start ups; 1 uncategorised as part relocation and part expansion.

Section 2 - the quality of response to this section was mixed and it will need to be altered to be more effective

Q5. 4 coded up as industrial space GIA whereas occupying on NIA basis however they may see their occupation as 'production'. Overall 8 <2000sq ft, 1 <5000 sq ft and 1 <20,000sq ft. 1 n/r

Q6. 8 tenants, 2 licenses, 1 n/r

Q7. Range of figures expressed in a variety of ways makes coding difficult especially when quoted as a gross figure without an accurate area. Consider not asking the question because of unreliability of figures.

Q8. Incentives; 1 3m rent free; 1 £9000 rent relief from TWDC; 1 reduced rent for 2 years; 1 inclusive rent, 5 none; 2 n/r

Q9. 1 occupier had received £9000 from TWDC; 7 said none; 3 no response. Need to build in a 'none' response and reword question to 'what if any'.

Section 3 - a good response was provided on employees

Table illustrating responses to Questions 10-12

EMPLOYEES OCCUPIER	PRESE FT	NTLY PT	PREVI FT	OUSLY PT	FIRST FT	MOVED PT
1	12	1	0	0	12	1
2	2	1	5	1	2	1
3	5	1	4	0	N/R	N/R

4	11	0	3	0	3	0
5	100	0	N/R	N/R	100	0
6	63	7	63	7	N/A	N/A
7	4	0	0	1	4	0
8	3	0	N/R	N/R	2	0
9	4	0	3	0	3	0
10	8	0	4	0	4	0
11	0	0	100+	0	77	0

Section 4 - responses specific to individual occupiers therefore coding not appropriate

8 of the 11 responders had relocated from elsewhere in the City and one had moved within the Technopole.

Section 5 - this section was effective

Q19. coded up easily, with interesting responses generated. Expansion of business, better quality accommodation and availability of car parking were collectively the most relevant reasons for locating. In terms of importance, expansion of business was the most important reason for 4 businesses and rationalisation was most important to another 2. Other important factors were better environment and facilities provided. Interestingly no occupier identified package of assistance as being of any relevance.

Q20. 5 responses ranged from £2000 to £50,000; 3 n/r.

Q21. 5 businesses saw themselves remaining only in the short term; 2 medium term; 1 long term, 3 n/r.

Q22. 1 would have stayed in their old premises; 6 would have occupied other premises in the area, 4 n/r.

3 occupiers indicated their willingness to be interviewed.

19/12/97

Main Survey Questionnaire

Business Occupier Survey Questionnaire

Address of subject premises:

Please answer the questions in each section as instructed, in respect of the above premises. Select a category by ticking the appropriate box(es) where indicated.

Section 1: Business details

Q1. Name of business:

Q2. Please confirm the nature of your business:
e.g. the business sector in which you operate

Q3. What is the main activity at this address?.....
e.g. manufacture, administration, sales, distribution, R&D etc.....

Q4. What is the status of your business?

Existing business on site pre 1980	<input type="checkbox"/>
Transfer of business (relocation from elsewhere)	<input type="checkbox"/>
Branch relocation (relocation of a branch from elsewhere)	<input type="checkbox"/>
New branch on site post 1980 (expansion)	<input type="checkbox"/>
New start-up on site post 1980	<input type="checkbox"/>

Section 2: Accommodation - to be answered by all

Q5. What is the size of the accommodation which you occupy?
Please express the exact area in square feet or square metres.
If you do not know the precise area please tick the appropriate box(sq.ft./sq.m.)

Industrial space (gross internal):		Office space (net internal):	
< 500 sq ft (<46 sq m)	<input type="checkbox"/>	<500 sq ft (<46 sq m)	<input type="checkbox"/>
501-2000 sq ft (47 -186)	<input type="checkbox"/>	501-2000 sq ft (47- 186)	<input type="checkbox"/>
2001-10,000 sq ft (187- 929)	<input type="checkbox"/>	2001-10,000 sq ft (187 -929)	<input type="checkbox"/>
10,001-20,000 sq ft (930-1858)	<input type="checkbox"/>	10,001-20,000 sq ft (930 -1858)	<input type="checkbox"/>
20,001-50,000 sq ft (1859-4645)	<input type="checkbox"/>	20,001-50,000 sq ft (1859- 4645)	<input type="checkbox"/>
50,001 sq ft > (4646 sq m >)	<input type="checkbox"/>	50,001 sq ft > (4646 sq m >)	<input type="checkbox"/>

Q6. What are the terms of your occupation?

owner occupier	<input type="checkbox"/>	please go to question 9 overleaf
tenant	<input type="checkbox"/>	please continue
licence or other	<input type="checkbox"/>	please continue

Q7. What rent are you paying p.a.? What service charge are you paying?

£.....(per sq.ft./sq.m.) £.....(per sq.ft./sq.m.)

Please express in gross terms if you do not know the rate per square foot/metre

Q8. What incentives did you receive from the landlord on occupation?
Please describe any incentives received and the value of such if known
.....

Q9. What assistance did you receive when you moved?

Please identify the source(s) and value of any assistance received

Urban Development Corporation Business Grant	<input type="checkbox"/>	£.....
DTI Business Support Grant	<input type="checkbox"/>	£.....
Local Authority Grant	<input type="checkbox"/>	£.....
City Challenge	<input type="checkbox"/>	£.....
English Partnerships	<input type="checkbox"/>	£.....
Enterprise Zone Rates Relief	<input type="checkbox"/>	£.....
Enterprise Zone Tax Allowances	<input type="checkbox"/>	£.....
City Grant	<input type="checkbox"/>	£.....
Derelict Land Grant	<input type="checkbox"/>	£.....
Other assistance:		
please describe	<input type="checkbox"/>	£.....

Section 3: Employees

Q10. How many people are currently permanently employed at this address?

Please express in terms of full time and part time employees

FT..... PT.....

Q11. How many people were employed by your business immediately prior to moving to this address?

Transfers and branch relocations only need answer this question FT..... PT.....

Q12. How many people were employed when you first moved to this address?

FT..... PT.....

Q13. Is a change in the number of people working at this address planned?

Increase ☐ Decrease ☐ No change ☐

Section 4: Origins - to be answered by branch relocations and transfers of business only; other please go to Section 5 overleaf

Q14. When did you move to this address?monthyear

Please indicate the date when you moved to this address

Q15. Where did you move from?Road

Please provide postal address of former premisesTown
.....Post Code

Q16. What was the size of your old premises?

Please express in square feet or square metres using categories from Question 5

Q17. Have you vacated these premises? Yes ☐ No ☐

Q18. How long had you been at your old premises?years

Section 5: Reasons for (re)locating - to be answered by all

Q19. Why did you (re)locate to your current address?

Identify all reasons in the first column then rank the top 5 reasons in order of priority in the second column, with 1 being the most important and 5 being the least

Reason	Tick if relevant	Rank
To allow expansion of business	<input type="checkbox"/>	<input type="checkbox"/>
To allow rationalisation of business	<input type="checkbox"/>	<input type="checkbox"/>
Better location for business	<input type="checkbox"/>	<input type="checkbox"/>
Best value for money for premises	<input type="checkbox"/>	<input type="checkbox"/>
Better quality/more modern accommodation	<input type="checkbox"/>	<input type="checkbox"/>
Proximity/availability of workforce	<input type="checkbox"/>	<input type="checkbox"/>
Better transport communications	<input type="checkbox"/>	<input type="checkbox"/>
Availability of car parking	<input type="checkbox"/>	<input type="checkbox"/>
Facilities provided	<input type="checkbox"/>	<input type="checkbox"/>
Best environment for workforce	<input type="checkbox"/>	<input type="checkbox"/>
Best package of assistance	<input type="checkbox"/>	<input type="checkbox"/>
Improved security	<input type="checkbox"/>	<input type="checkbox"/>
Better telecommunications	<input type="checkbox"/>	<input type="checkbox"/>
Other (please detail)	<input type="checkbox"/>	<input type="checkbox"/>

Q20. How much money have you invested in the new premises? £.....

In terms of fitting out and new equipment and for owner occupiers, the price of the property

Q21. How long do you see your business remaining at the premises?

- Short term (say 1-3 years) ☐
- Medium term (say 3-10 years) ☐
- long term (say 10 years +) ☐

Q22. What would you have done if these premises had not been available?

- Stayed in old premises ☐ Occupied other premises in area ☐
- Ceased trading ☐ Occupied other premises outside area ☐
- Not started up ☐ Other: please state..... ☐

Thank you for taking the time to complete this questionnaire.

If you would consider being interviewed, at your convenience, about your occupation, please indicate below;

- ☐ Yes, I would be prepared to be interviewed
- ☐ No, I would not like to be interviewed

Please return this questionnaire in the postage paid envelope to:

**Paul Greenhalgh, Department of the Built Environment
Ellison Building, Ellison Place, Newcastle upon Tyne, NE1 8ST**

Covering letter to accompany questionnaire

21 July 1998

Dear

RE: Business Occupier Survey

I am studying the impact of urban regeneration initiatives (such as Urban Development Corporations, Enterprise Zones, City Challenge, English Partnerships etc.) on local property markets. I am interested in the behaviour and performance of businesses which are located on the developments promoted by such initiatives.

As such a business it would be very helpful to me if you would spare ten to fifteen minutes to complete the attached questionnaire, which comprises 22 relatively straight-forward questions. I would be very grateful if you could return the completed questionnaire in the postage paid addressed envelope.

Your response is important if I am to be able to get a comprehensive picture of how local businesses respond to urban regeneration initiatives. Any information you provide will be anonymous and if you do not wish to provide confidential information please move to the next question.

Thank you for your attention, in anticipation of your completion and return of the questionnaire.

Yours sincerely

Paul Greenhalgh B.Sc. (Hons) ARICS

Telephone Survey Pro-forma

Date:.....

Name of occupier: confirmed ☐

Have they filled in a questionnaire? Number: No ☐

What is their database form number?

Telephone number:

I am doing some research for Northumbria University on the location and origin of businesses in Tyne and Wear & your firm is part of the survey. Who should I speak to?

Contact name:.....Position:

Confirm address:.....

.....

..... Postcode:

Details if contact not same as address:.....

More than one property in T&W? Number: No ☐

Nature of business if different:

Activity at address if different:

Who was in premises before them?

Where are they now?

Status of business a) Transfer within T&W ☐

b) Branch relocation in T&W ☐

c) New branch ☐

d) New start-up ☐

If a) or b) find out address of previous premises:

.....

.....

Are they still occupying old premises? Yes ☐ No ☐

When did they move from their old premisesmonth 19__

Status of old premises? Reoccupied ☐ by whom?.....

Vacant/to let ☐ Agents?.....

Being redeveloped? ☐ When?.....

Change of use? What?.....

Reason for move Expansion ☐

Contraction ☐

Rationalisation ☐

Other ☐

Public sector assistance: Specify below or None ☐
towards cost of building type.....

towards expansion/start-up ☐ type.....

towards running costs ☐ type.....

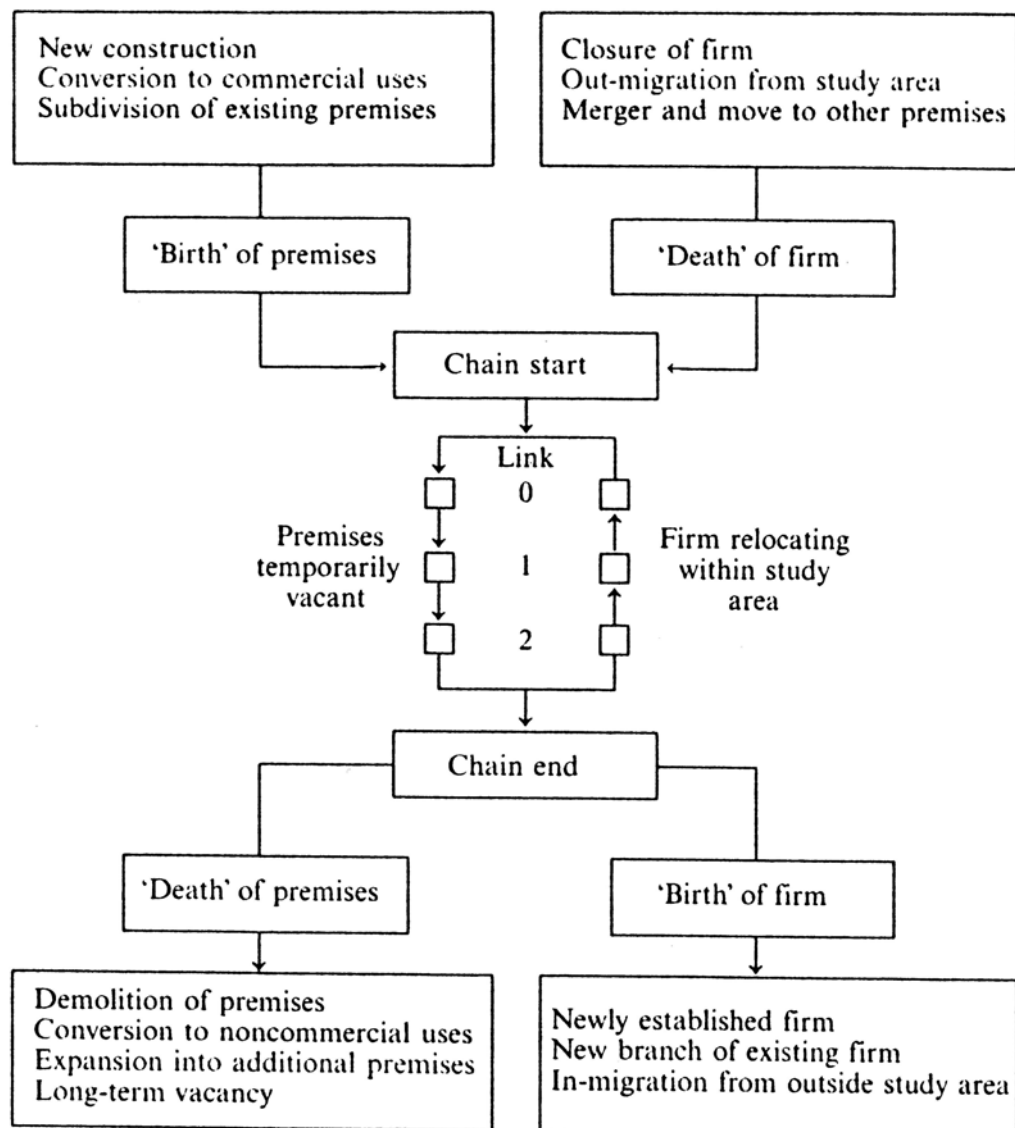
Other contact/responses:

.....

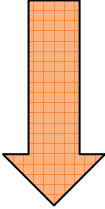
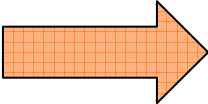
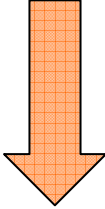
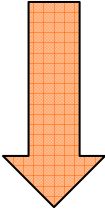
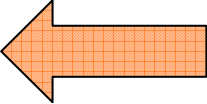
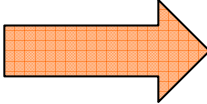
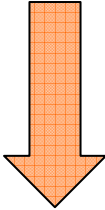
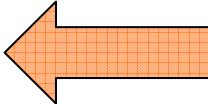
APPENDIX C

Supporting information for Phase 2 chaining survey

Business Chains: causes of chain births and deaths (Robson et al 1999)



Chaining Pro Forma

<p>OCCUPIER 1 NAME & NUMBER</p> <p>NOTES:</p> 	<p>CHAINING EXERCISE</p> <p>END OF CHAIN CODES: C = CHANGE OF USE O = OCCUPIED BY NEW START-UP OR BRANCH R = AWAITING REDEVELOPMENT V = VACANT TO LET/FOR SALE</p>
<p>PREVIOUS ADDRESS</p> 	<p>OCCUPIER 2 NAME</p> <p>NOTES:</p> 
<p>OCCUPIER 3 NAME</p> <p>NOTES:</p> 	<p>PREVIOUS ADDRESS</p> 
<p>PREVIOUS ADDRESS</p> 	<p>OCCUPIER 4 NAME</p> <p>NOTES:</p> 
<p>OCCUPIER 4 NAME</p> <p>NOTES:</p>	<p>PREVIOUS ADDRESS</p> 

Paul Greenhalgh, School of BE @ UNN 11/4/00

Chain No.	ID No.	Occupier	Development Name	Status	Distance	Previous Address	Occupier	Status	Previous Address	Occupier	Status	Previous address	Occupier	Status	Previous address	Occupier	Status
1	270	AA/CENTRIC A	Newcastle Business Park	branch relocation	2.0	Floor 1 Baron Hse Neville St Newcastle	Slater Menswear	new branch									
						Floors 2 & 5 Baron Hse Neville St Newcastle	GNER	new branch									
						Floors 3 & 4 Baron Hse Neville St Newcastle	Matrix Marketing	transfer	Carr Ellison Hse, NBP	AA Insurance Services/Centrica	expansion existing						
						Floor 6 Baron Hse Neville St Newcastle	National Lotteries Board	branch relocation	Bede Hse, All Saints	vacant	vacant						
2	382	ABB ALSTON POWER GENERATION LTD	Silverlink Business Park	transfer	5.9	Shields Row offices, Parsons	Parsons Personnel Dept	branch relocation	Prefab, Gate No. 1, Parsons		car park						
3	231	ACCESS FOR THE DISABLED	Howard Street	transfer	0.4	18b Nile St N. Shields	Autism in N'land & N.Tyneside	new start-up									
4	441	ACS WHITAKER LTD	Sunrise Enterprise Park	branch relocation	9.5	Drum IE, Birtley DH2 1AG	Steelcraft Ltd	transfer	11 Holystone I.E. Hebburn	Lane Plastics	expansion existing						
5	190	ACXIOM CORPORATION	Doxford Park	transfer	6.2	Publicity Centre Hendon Rd S'ld, Peterlee Herring	Redeveloped as small business centre	new start-up									
6	46	ADM NE LTD AUTOMATION	Boldon Business Park	transfer	6.6	1 Donkin Rd, Washington D2	AHL Precision Engineering	new start-up									
						2 Donkin Rd, Washington D2	vacant	vacant									
					6.5	8 Armstrong Rd Wash	Simpson Print	existing expansion									
7	to do	ADT FIRE & SECURITY	Team Valley Trading Estate	branch relocation	1.0	Boston Hse 5th Av TVTE	Motherwell Bridge Nuclear	new branch									
					1.0	Boston Hse 5th Av TVTE	HBG Higgs & Hill	branch relocation	19 Amethyst Rd NBP	vacant	vacant						

					9.7	21 Airport IE Newcastle	Beaver Print	transfer	4B Airport IE Newcastle	Custom Iron Craft Ltd	transfer	5b Albion Rd N. Shields	vacant	vacant			
					4.5	St Nicks Chmbs Amen Corner Newcastle	Inter Alliance plc	transfer	S19 St Thomas St Office C. St. Thomas St Sunderland	Tyne & Wear Assocs	transfer	Unit 116 BIC SEP	new business	new start-up			
8	171	ADVENTURE SOFT (UK) LTD	Central Park	transfer	4.4	Suite 10 Dobson Hse Regent C	Lab Staff	new branch									
9	363	AIMMS	Royal Quays	branch relocation	10.4	Unit 3 Hawthorn Hse Newcastle	DPR Associates	transfer	Unit 12 Hawthorn Hse Newcastle	Forth Banks Design	new start-up						
10	375	AKER INTERNATIONAL RESOURCE LTD	Silverlink Business Park	transfer	3.1	6 Albion Hse Albion Rd N. Shields	Newcastle & N.Tyneside Health Authority	branch relocation	Rm 1 Meadowell Health Centre	Riverside Mind	transfer	Resource Centre 35 Avon Av	Waterville Project	transfer	Floor 3 Hunter's CI offices	vacant	vacant
									Rm 2 Meadowell Health Centre	Safety Crackers	transfer	Floor 3 Hunter's CI offices	vacant	vacant			
						8 Albion Hse Albion Rd N. Shields	Newcastle General	new branch									
12	239	ALFRED MCALPINE HOMES NORTHUMBRIA LTD	Metro Riverside Park	branch relocation	4.4	Northumbria Hse Fifth Av TVTE	Joynson	transfer	Gnd floor 94 Oakfield Rd Whickham	vacant; small part c of u to hairdressers	vacant						
13	245	ALLIED DUNBAR	Metro Riverside Park	branch relocation	10.0	Armstrong Hse Armstrong IE Wash	vacant	vacant									
					6.4	Floor 3 Horsley Hse Regent C	Britannic Assurance part vacant	branch relocation	Gnd & 1 floors 30/32 Grey Street	Phillips Auctioneers	branch relocation	St .Mary's Church Oakwellgate	Gateshead Tourist Information	new start-up			
													North Music Trust	transfer	pt fl1 Gateshead Civic Centre	vacant	vacant
													Baltic	transfer	pt gnd Gateshead Civic Centre	Social Services	existing expansion
14	305	ALLIED DUNBAR ASSURANCE	Newcastle Business Park	branch relocation	1.9	Eagle Star Hse Fenkle St	Eagle Star	existing expansion									

		PLC															
					2.6	Level 2 West, Hadrian Hse	Cunningham & Lyndsey	transfer	Central Exchange Buildings	Grainger Town Partnership	new start-up						
15	37	ALTOMED LTD	Boldon Business Park	transfer	7.6	Business C. Pk Rd, Gateshead	vacant	vacant									
16	395B	AMSYS	Sunderland Enterprise Park	transfer	3.4	Hutton Bldg Sunderland Uni	University of Sunderland	branch relocation	Sony Media C. Sunderland Uni	University of Sunderland	expansion existing						
250	17B	ANCHOR TRUST HOUSING ASSOCIATION	Balliol Business Park	branch relocation	1.5	Pk View Hse Front St Longbenton	vacant										
17	255	APEX ELECTRICAL DISTRIBUTION LTD	New York Industrial Estate	transfer	4.5	1C Buddle I.E. Wallsend	Books Plus	new start-up									
						2A Buddle I.E. Wallsend	vacant	vacant									
18	388	APPLIED IMAGING	Sunderland Enterprise Park	branch relocation	12.0	S232 Eighth Av Dukesway TVTE	Athenaeum Press	transfer	Unit 2 Mill Lane IE Newcastle	HEC Compressors Ltd	transfer	3 Hanover Sq Newcastle	vacant	vacant			
19	709	AQUMEN	Team Valley Trading Estate	transfer	10.0	Gov't Bldgs, Broadway W. Gosforth	being redeveloped to residential on site 3/01	change of use									
20	368	ARMSTRONG TECHNOLOGY ASSOCIATES	Royal Quays	transfer	4.4	2 floors Swan Hunter Hse	Swan Hunter	existing expansion									
21	188	ARRIVA (COWIE GROUP)	Doxford Park	branch relocation	5.4	Millfield Hse Hylton Rd Sunderland	vacant awaiting redevelopment	vacant									
22	453	ASTLEY SIGNS PART OF REDFORREST GROUP	Team Valley Trading Estate	transfer	0.1	Unit 1a Octavian Way, TVTE	Nettlefolds	transfer	Unit 10 Eleventh Av Kingsway TVTE	Foster's Electrical	expansion existing						

23	732	ATOM INTRUDER ALARMS	TEDCO Business Centre	transfer	4.0	Plessey No. 2 Build Eldon St S. Shields	Viasystems	new branch									
24	797	AZ TEC PRECISION ENGINEERING	Viking Industrial Park	transfer	2.3	48A&B Cuthbert Ct Bede IE Jarrow	Bede Technology	transfer	37H Lindisfarne Ct Bede IE	vacant	vacant						
25	355	BAC AIR CONDITIONING	North Sands Business Centre	branch relocation	15.0	13 Saltmeadows Rd E. Gateshead IE now Armour Post	Armour Post	existing expansion									
26	385	BALFOUR KILPATRICK	Silverlink Business Park	transfer	2.6	Wesley Way, Benton Sq IE NE12 9TJ	vacant	vacant									
27	336	BANKS OF THE WEAR - HOUSING 21	North Sands Business Centre	branch relocation	1.8	Room 1 Co-op C. Salem St	Wearside Homecare	transfer	53 Frederick St Sunderland	vacant	vacant						
						Room 2 Co-op C. Salem St	Community Link	new start- up									
						Room 3 Co-op C. Salem St	Hendon 2000	new start- up									
						Room 4 Co-op C. Salem St	Hendon Quay Fund	new start- up									
					16.5	Mea Hse Ellison Pl Newcastle	refurbished	redevelope d									
28	334	BBC RADIO NEWCASTLE	North Sands Business Centre	branch relocation	1.3	39 Holmeside Sunderland	vacant	vacant									
29	419	BERGHAUS	Sunderland Enterprise Park	branch relocation	5.9	17 Brindley Rd	Washington Metalworks	new start- up									
						18 & 19 Brindley Rd	vacant	vacant									
						22 Brindley Rd	Maccess	existing expansion									
					5.8	1 Stephenson Rd Washington	vacant	vacant									

30	812	BEWICK ENGINEERING LTD	Walker Riverside	transfer	0.1	Units 3-5 Empress Road	Mullens Craft Bakery (818)	transfer	2 Wincolmlee Workshops White St Walker	vacant	vacant						
31	432	BIBBY'S FACTORS SUNDERLAND LTD	Sunderland Enterprise Park	branch relocation	3.3	Gnd fl Barbican Hse St Peter's Wharf Sunderland	vacant	vacant									
32	172	BILLINGHURST ST GEORGE	Central Park	branch relocation	1.5	rear of Holmwood Hse Clayton Rd, Jesmond	Lowes Financial Management	existing expansion									
33	444 & 447c	BONAS MACHINE CO LTD	Team Valley Trading Estate	transfer	12.6	Victory Street Pallion I.E., Sunderland	demolished for soft landscaping	change of use									
34	272	BOWEY GROUP	Newcastle Business Park	transfer	5.6	William Street, Gosforth	Nomad Housing	branch relocation	Gnd & Fl1 17-19 Heaton Rd Byker	Falcon Hse doctor's surgery	change of use						
									Fl2&3 17-19 Heaton Rd Byker	Provident Personal Credit	transfer	19 Raby Cross Byker	Barnardo's Family Centre	change of use			
35	232	BRITISH GAS TRADING	Howard Street	branch relocation	0.1	97 Bedford St N. Shields	vacant	vacant									
36	200	BRITISH TELECOM	Newcastle Quayside	branch relocation	0.5	Swan House, Newcastle	vacant awaiting redevelopmen t	vacant									
37	244	BRITISH TELECOM SYNTEGRA	Metro Riverside Park	branch relocation	4.5	Hadrian Telephone Exchange, Newcastle	British Telecom	existing expansion									
38	163	BURTENSHAW ASSOCIATES LTD	Central Park	branch relocation	0.3	Floor D Milburn Hse, Dean St, Newcastle	Nathanial Litchfield & Ptnrs	existing expansion									
39	624	BUSINESS EFFICIENCY LTD	Team Valley Trading Estate	transfer	0.1	Unit M Kingsway Hse TVTE	Give Way Ltd	transfer	5 Hawthorn Hse Forth Banks	Workable	transfer	Industry C. SEP	Sunderland Uni Business School	new branch			
									6 Hawthorn Hse Forth Banks	Red Box Home Loans	new start- up						
									7 Hawthorn Hse Forth Banks	vacant	vacant						

									8&9 Hawthorn Hse Forth Banks	Orbital Marketing	transfer	Owners Bus C.	Trans Credit	new start- up			
40	237	BUSINESS LINK NORTH TYNESIDE	Howard Street	branch relocation	0.6	81 High St West Wallsend	Latchwood Carpets	change of use									
41	738	BUSINESS LINK SOUTH TYNESIDE	TEDCO Business Centre	branch relocation	4.0	Plessey No. 2 Build Eldon St S. Shields	Viasystems	new branch									
42	369	C ICONS	Royal Quays	transfer	3.8	N. side Parsons Building Davy Bank Walls NE28 6UY	Newcastle Rider Training	new branch									
43	373A	CAMBRIDGE LABORATORIES	Silverlink Business Park	transfer	7.4	Richmond Hse, Old Brewery Ct, Starbeck Rd, Sandyford	vacant	vacant									
44	13	CANNON HYGIENE LTD	Armstrong Industrial Estate	transfer	2.9	Stepney Bank, Byker	Bank Top Garage	new start- up									
45	429	CANON UK	Sunderland Enterprise Park	branch relocation	0.1	Colima Av SEP	vacant	vacant									
46	457	CERTEX	Team Valley Trading Estate	branch relocation	4.3	Mill Rd Gateshead	demolished for car parking for Baltic	change of use									
47	387	CHARTERED TRUST	Silverlink Business Park	branch relocation	13.5	Dickens DIY Scotswood	B&Q	existing expansion									
					1.9	Dickens DIY Shiremoor	B&Q	existing expansion									
					12.1	Dickens DIY Washington	B&Q	existing expansion									
48	47	CHEVIOT PRECISION ENGINEERING LTD	Boldon Business Park	transfer	5.3	1 Faraday Cl, Pattinson N, Washington	Maniform	transfer	19 Faraday Cl Pattinson IE Washington	Process Systems Contracts Ltd	expansion existing						
49	222	CHILDCARE ENTERPRISE LTD	Howard Street	transfer	0.1	Camden St, N. Shields	N. Tyneside Children's Service	existing expansion									

50	436	CITB	Sunderland Enterprise Park	branch relocation	4.6	gnd & 1st fl Hudson Hse Moor St Hendon	East Training Education & Community Ltd	existing expansion										
51	813	CITYWORKS	Walker Riverside	branch relocation	3.3	Depots Back Heaton Park Rd & Denmark St Byker	vacant awaiting redevelopment	vacant										
52	668	CLAUDIUS ASH SONS & CO LTD	Team Valley Trading Estate	branch relocation	12.1	12 Malmo Cl Tyne Tunnel Trading Estate N. Shields	vacant	vacant										
53	763	COLORS COMMERCIAL PRINTERS	TEDCO Business Centre	transfer	3.0	8E Victoria IE Victoria Rd W. Hebburn	vacant	vacant										
54	241	COMPRESSOR PRODUCTS INTERNATIONAL	Metro Riverside Park	branch relocation	2.4	Unit 8 Whitley Rd, Blaydon NE21 5NH sub-let by CPI	AM Fabrications	transfer	part Tyre Shredding Facility Factory Rd	Tyre shredding firm	expansion existing							
55	36	CONEX DATA COMMUNICATIONS LTD	Boldon Business Park	transfer	5.8	Gnd & fl1 Webster's Ropery Debtford	Frank Haslam Milan	transfer	N. Sands Bus C.	vacant	vacant							
						Fl2&3 Webster's Ropery Debtford	Northern Consortium Housing Assoc	new branch										
56	391	CONSION COMPUTERS LTD	Sunderland Enterprise Park	transfer	6.3	Gnd fl Coniston Hse Galleries Washington	vacant	vacant										
57	427	COOPERATIVE INSURANCE SOCIETY (CIS)	Sunderland Enterprise Park	branch relocation	3.9	Fl1 Cassaton Hse Fawcett St	vacant	vacant										
					4.9	49 Front St Cleadon Village	Studio 49 Health Club	change of use										
					7.0	Gnd fl Armstrong Hse Armstrong IE Washington	vacant	vacant										

58	583	COUNTRY KITCHEN CATERING	Team Valley Trading Estate	transfer	0.1	Earlsway, TVTE	demolished for car park	change of use									
59	438	COUNTY LUXDON LAUNDRY LTD	Sunderland Enterprise Park	transfer	2.3	Fullwell Rd Sunderland	redeveloped for residential	change of use									
60	705	COUTTS CAREER CONSULTANTS LTD	Team Valley Trading Estate	branch relocation	8.8	Suite 2 Regent Centre Gosforth	vacant	vacant									
						Suite 4 Regent Centre Gosforth	Tayburn Corporation	new start-up									
						Suite 8 Regent Centre Gosforth	MRG Baker Independent Finances	new start-up									
						Suite 8 Regent Centre Gosforth	Project Support Recruitment Consultants	new start-up									
61	384	CROWN HOUSE ENGINEERING	Silverlink Business Park	branch relocation	5.4	Crown Hse, Planet PI Killingworth	Godfrey Syrett	existing expansion									
62	386	CRUIKSHANKS & PTNRS	Silverlink Business Park	branch relocation	13.4	Windsor Rd opp crem Birtley	vacant	vacant									
63	481	D.H.L. WORLDWIDE EXPRESS	Team Valley Trading Estate	branch relocation	9.8	23A Airport Industrial Estate, Kingston Park	Custom Electronic Ltd	transfer	10A Airport IE	Kingston Pine	new start-up						
									10B Airport IE	vacant							
64	22	DATAFORM	Balliol Business Park	transfer	1.4	Benton Pk Rd	Sage	existing expansion			vacant						
65	476	DAVMAR WORKWEAR	Team Valley Trading Estate	transfer	0.1	4 Douglas Ct TVTE	vacant	vacant									
66	34	DEREK TUNNAH DESIGN LTD	Boldon Business Park	transfer	9.1	325 Benton Rd, Benton, Newcastle	Tyneside Security Services	transfer	Churchill Hse 87 Jesmond Rd	The House of Fawthrop McLanders	transfer	top fl Coronation Bldgs 65 Quayside	vacant	vacant			
67	378	DET NORSKE VERITAS	Silverlink Business Park	branch relocation	2.9	31-49 Grange Way Preston Grange	vacant	vacant									

68	198	DICKINSON DEES	East Quayside	transfer	1.3	Cross House, Westgate Road, Newcastle	ACAS	branch relocation	Westgate House	vacant	vacant						
						Cross House, Westgate Road, Newcastle	Countryside Agency	branch relocation	F14 Warwick Hse Grantham Rd Newcastle	vacant	vacant						
						Cross House, Westgate Road, Newcastle	Gregg Middleton Sols	transfer	F12 Central Exchange Bldg	being redeveloped for residential	change of use						
					1.3	Gnd floor 63 Westgate Rd Newcastle	Gorman Hamilton Sols	existing expansion									
					1.3	F11 63 Westgate Rd Newcastle	Scottish Widows Pension Fund	new branch									
						F12 63 Westgate Rd Newcastle	Orchid Software	transfer	Unit 6 fl1 65 Westgate Rd	vacant	vacant						
						F13 63 Westgate Rd Newcastle	vacant	vacant									
					1.3	25 Grainger St	vacant	vacant									
					1.3	F11 61 Westgate Rd	Residential Holdings	transfer	Charlotte Hse Westgate Rd Newcastle	redeveloped for residential	change of use						
69	642	DIRECT BUSINESS SYSTEMS	Team Valley Trading Estate	transfer	5.3	2 rooms 8 Spencer Hse Market Lane Swalwell	Foxhill Driving School	new start-up									
251	802	DIRECT SOLUTIONS INTERNATIONAL	Viking Industrial Park	branch relocation	0.1	3B Potter St King's Ct	vacant	vacant									
70	41	DOXFORD DESIGN ENGINEERING LTD	Boldon Business Park	transfer	0.1	14 Witney Way Hi-Tec Village Boldon	A-Line Cleaners (24)	transfer	7 Hutton St IE Tyne Dock S. Shields	Eastern Spice	new start-up						
71	159	DRIVING STANDARDS AGENCY	Central Park	branch relocation	0.8	6,7,9 & 10 Westgate Hse Newcastle	vacant	vacant									

72	810	DUCO LTD	Walker Riverside	transfer	6.4	14 Alder Rd West Chilton IE, N. Shields	Jaycare Ltd	new branch										
73	415	E.B.R. PLC	Sunderland Enterprise Park	branch relocation	12.0	M79 (2 units) Kingsway TVTE	Fox Motorsport	transfer	Unit 12 Phoenix Rd Crowther IE	Gastech	transfer	4A Drum IE Birtley	Lee Roofing Services	new branch				
						M79 (2 units) Kingsway TVTE	Sliding Door Fitted Wardrobes	new start-up										
					0.1	Unit E Colima Av SEP	vacant	vacant										
					12.5	S310 Foster Ct TVTE	Gateshead Hose & Transmission Ltd	transfer	St Helia Hse Green Lane IE	unnamed UK ltd co	branch relocation	part premises of local firm	local firm to expand into	existing expansion				
74	260	ELANDERS HINDSON PRINT	New York Industrial Estate	transfer	9.5	Strawberry Pl Newcastle 2611171	Barker & Stonehouse	change of use	Newgate Street	being redeveloped for leisure	change of use							
75	213	EMPLOYMENT SERVICE	Howard Street	branch relocation	0.3	1-4 Russell St N. Shields	N. Tyneside Careers Office	branch relocation	Gnd fl Old Town Hall bldg Howard St	being redeveloped for offices	redevelop							
						1-3 Russell St N. Shields	Associates	new branch										
					0.3	Unicorn Hse Stephenson St N. Shields	Benefits Agency	existing expansion										
76	197	EMPLOYMENT TRIBUNALS SERVICE	East Quayside	branch relocation	0.6	F13 Plummer Hse Newcastle (PACE)	vacant	vacant										
77	178	ENGICA	Central Park	transfer	6.0	F11 Kingston Hse, Kingston Park	Carter Planned Maintenance	transfer	St Mary's Bus C. Oystershell La	Moor Stevens	new start-up							
						F11 Kingston Hse, Kingston Park	vacant	vacant										
78	308	ENVIRONMENT AGENCY	Newcastle Business Park	branch relocation	5.8	Gnd & fl1 Clayton Hse Regent Centre	demolished for office redevelopment	vacant										
						Fl 1&2 Eldon Hse Regent Centre	vacant	vacant										

79	564	EOTHEN HOMES LTD	Team Valley Trading Estate	transfer	0.1	5th Av Plaza, TVTE	Coutts	new branch									
80	590	EXPRESS ENGINEERING	Team Valley Trading Estate	branch relocation	0.1	Express Tech C. Kingsway South TVTE	Exact Engineering (633)	transfer	170 A&B Queensway	Access Training Ltd	transfer	St. Georges Hse TVTE	One North East	expansion existing			
81	500	F & W INDUSTRIAL SUPPLIES LTD	Team Valley Trading Estate	transfer	8.0	37 Swan Rd Washington	Columbia Tandoori	new start-up									
82	803	FAST TEMP RECRUITMENT ASSOCIATES	Viking Industrial Park	transfer	10.9	Suite 7 Concept 2000 Sunderland Rd G'head	Autofreeway	transfer	Autotrader Hse	Autotrader	expansion existing						
						Suite 8 Concept 2000 Sunderland Rd G'head	Star Finance	transfer	Suite 4 Concept 2000	Guardia	new start-up						
83	84	FERROGRAPH	New York Industrial Estate	transfer	8.5	4 Jesmond Rd W	NCC Asylum Seekers Unit	new branch									
					10.0	Abbey Storage Forth St	misc local firms on easy in/out terms	new start-up									
84	206	FILA UK LTD	Follingsby Park	transfer	2.3	3A Stephenson I.E. Washington	Sound City	existing expansion									
85	328 & 299	FIRST NATIONAL & LOMBARD FINANCE	Newcastle Business Park	branch relocation	5.6	18 Archibold Terr Gosforth	Stanton & Croft Sols	transfer	gnd fl Exchange Buildings	redeveloped as hotel and restaurants	change of use						
					18.1	24 Norfolk St S'land	Doctor's surgery	change of use									
86	284	FLOW SOFTWARE TECHNOLOGIES LTD	Newcastle Business Park	branch relocation	1.3	7 Lynwood Business C.	Challenge Courier Co.	transfer	26 Lynwood Business C.	Camelot Security	new start-up						
87	167	FOSTER FINDLAY ASSOCIATES	Central Park	transfer	3.0	148 West Rd, Newcastle NE4 9QB	Row & Scott Sols	transfer	Gnd fl St. Nicholas' Bldg	vacant	vacant						
									fl1 St. Nicholas' Bldg	Brian Thompson sals	transfer	Percy Hse Percy St	vacant				

88	346	FRANK HASLAM MILAN & CO LTD	North Sands Business Centre	transfer	19.3	Suite 13 Dobson Hse Regent C.	Easyquote	new start-up									
89	267	FREUDENBERG NOK	New York Industrial Estate	branch relocation	4.0	FTP Coast Rd, Wallsend	redeveloped for B&Q warehouse store	change of use									
90	313	FRIZZELL LIFE & FINANCIAL PLANNING	Newcastle Business Park	branch relocation	2.0	4th floor Refuge Hse Collingwood St Newcastle	Cedardell Ltd	transfer	Suite 3.13 Churchill Hse	My Business Ltd	new start-up						
91	681	G.B.M PRODUCTS	Team Valley Trading Estate	transfer	0.1	383N Jedburgh Court, TVTE	General Damp Proofing	new start-up									
92	357	GARNON & CO	North Sands Business Centre	transfer	0.8	6 Frederick St S'land	Richard Reed & Co. sols	existing expansion									
93	646	GKI ELECTRICAL ENGINEERING SERVICES	Team Valley Trading Estate	transfer	9.8	19L Airport Industrial Estate, Kingston Park	Hot food preparation	new start-up									
94	365	GLOBECOM M SYSTEMS EUROPE LTD (GSI)	Royal Quays	branch relocation	11.3	top floor 2 Plummer St Scotswood Rd	Computer Direct	transfer	14 Amethyst Rd NBP	IDN Technology	transfer	2 Amethyst Rd NBP	Fleet Street Travel	new start-up			
95	362	GOING PLACES/AIR TOURS	Royal Quays	branch relocation	10.0	Suite 1 Shakespeare Hse	vacant	vacant									
						Suite 2 Shakespeare Hse	Options Employment Agency	new branch									
					11.4	F12 Arngrove Hse Frederick St S'land	vacant	vacant									
96	169	GP LEARNING TECHNOLOGIES	Central Park	branch relocation	0.8	Gnd floor 37-41 Grainger St	National Schoolwear Centres	new branch									
						f11 37-41 Grainger St	Women's Training C.	transfer	f13 Victoria Bldgs 43-52 Grainger St	vacant	vacant						

97	404	GROUP 4 SECURITIES	Sunderland Enterprise Park	branch relocation	5.3	Nest Rd Felling Gateshead	Securitas Ltd	branch relocation	Howdon Green IE Howdon	vacant	vacant						
98	194	GROVE EUROPE LTD	Doxford Park	branch relocation	5.9	Crown Works Pallion Sunderland	Arriva Ford Dealers	branch relocation	Trimdon St	demolished for redevelopmen t	vacant						
						Unit 4 Crown Works Pallion Sunderland	Mobile Welding & Fabrication	transfer	unit 4 Ropery Works	A&S Motors	new start- up						
						unit 210 Crown Works Pallion Sunderland	Spring Hse Leisure	transfer	Shaws Bldg Debtford	Norlock Shutters	new start- up						
						Units 150/160 Crown Works Pallion Sunderland	Warrant Distribution	new branch									
						Unit 50 Crown Works Pallion Sunderland	A.W. McDonald & Sons	transfer	South Docks	vacant	vacant						
						Units 100/120 Crown Works Pallion Sunderland	Christiani & Neilson	new branch									
						Unit 30 Crown Works Pallion Sunderland	Hi-Def UK Ltd	new start- up									
						Unit 61 Crown Works Pallion Sunderland	Mobile Stage Solutions	transfer	Shaws Bldg Debtford	Cowies	expansion existing						
						Crown Works Pallion Sunderland	Cowies	new branch									
						remainder Crown Works Pallion Sunderland	vacant	vacant									
99	292	GUINNESS TRUST (NE AREA)	Newcastle Business Park	branch relocation	9.3	13/14 Albany Hse, Washington	redeveloped for nursing home	change of use									
100	604	H M H ARCHITECTS	Team Valley Trading Estate	transfer	3.0	12 Berwick Rd, Gateshead, NE8 4DP	Bewick Family C.	transfer	98 Heather Gr Old Fold Estate	vacant awaiting redevelopmen	vacant						

										t for B1							
						13 Berwick Rd, Gateshead, NE8 4DP	NE Accommodati on Services	new start- up									
101	417	HELENA BIOSCIENCE S/LABORATO RIES (UK) LTD	Sunderland Enterprise Park	branch relocation	12.3	Helena Labs Bldg 7th Av TVTE	Thermon UK Ltd	transfer	18 Tower Rd Glover IE Washington	Armah Switchgear	transfer	7 Parsons IE Washington	Tyne Tees Non Ferrous	new branch			
						Helena Labs Bldg 7th Av TVTE	Torex plc	transfer	Co-op Bldgs Drum IE Birtley	Associated Creameries	expansion existing						
102	to do	HENRY COLBECK LTD	Team Valley Trading Estate	transfer	4.5	Green Lane, Green Lane IE, Felling											
103	51D	HENRY HALSTAD TOTAL COMPONENT MANUFACTU RE	Boldon Business Park	branch relocation	8.8	35 Sedling Rd, Wear Estate, District 6 Washington	vacant	vacant									
104	11	HOBBS REPROGRAP HICS LTD	Armstrong Industrial Estate	transfer	1.4	Noble St, Newcastle	vacant	vacant									
105	792	HEMOCARE NE	TEDCO Business Centre	branch relocation	4.1	19/20 Commercial Hse, Commercial Rd SS	S. Tyneside Young Offenders Team	branch relocation	Simonside Lodge S. Shields	Barnardos	existing expansion						
106	300	HOTEL CATERING AND TRAINING CO	Newcastle Business Park	branch relocation	1.9	Rm 101 St Mary's TES Oystershell Lane	Centris	transfer	Rm 102 St Mary's TES Oystershell Lane	Pro Funding	expansion existing						
107	31	HOWARD SMITH PAPER	Boldon Business Park	branch relocation	5.4	10 Lee CI Pattinson IE Washington NE38 0AH	vacant	vacant									
108	276	HOWGATE, SABLE & PARTNERS	Newcastle Business Park	branch relocation	18.8	2A N. Sands Business Centre	Hibcorp	new start- up									
109	45	HUNTLEY MEDICAL HEALTHCAR	Boldon Business Park	branch relocation	11.4	Unit 4a Drum IE Birtley	vacant	vacant									

		E LTD															
110	271	IBM	Newcastle Business Park	branch relocation	2.0	Percy Hse 3 Leazes Park Road, Newcastle	vacant	vacant									
111	to do	ICL (UK) LTD	Newcastle Business Park	branch relocation	3.4	Archibold Hse, Archibold Terr, N'cle											
112	301	IDN (TELECOM) LTD	Newcastle Business Park	branch relocation	3.4	top floor 20 Portland Terr 2813311	vacant	vacant									
113	728	IMI NORGREN	Team Valley Trading Estate	branch relocation	4.3	6 Station Lane IE Birtley	Norair	new start-up									
114	51	IMMUNODIA Gnostic Systems LTD	Boldon Business Park	transfer	3.8	Usworth Hall, Washington ex W'ton New Town CorpHQ	demolished & redeveloped for resi	change of use									
115	8	IMPRINT LITHOGRAPHIC SCREEN PRINTERS	Armstrong Industrial Estate	transfer	2.0	Basement of Exchange Buildings	redeveloped as car parking for hotel	change of use									
116	to do	INDEPENDENT FINANCIAL CONSULTANTS PARTNERSHIP LTD	Viking Industrial Park	branch relocation	1.5	12 Churchfield Hse, Hebburn											
117	155	INDEPENDENT TRIBUNAL SERVICE	Central Park	transfer	0.9	Grnd & part first floor Benton House, Sandyford	Healthcall	transfer	85 Jesmond Rd	converted to private residential	change of use						
									F13 Cuthbert Hse	vacant	vacant						
118	377	INLAND REVENUE NATIONAL AUDIT GROUP F	Silverlink Business Park	branch relocation	7.9	F15 Eagle Star Hse Regent Centre	Valuation Office	branch relocation	F12 Pennine Hse Washington	vacant	vacant						
									F11 Benton Hse Sandyford	Crown Prosecution Service	expansion existing						

119	366	INNOVATION	Royal Quays	transfer	3.3	F1 5 Siemens Offices Siemens Way	Atmel	new branch									
120	398	INTEGRA	Sunderland Enterprise Park	transfer	3.3	Gnd fl Hutton Bldg Chester Rd Uni of S'land	Sunderland Uni (411)	branch relocation	Sony Media C.	Sunderland Uni	existing expansion						
121	395A	INTERNAL AUDIT	Sunderland Enterprise Park	transfer	3.3	LCA Hut, Chester Rd Campus, Uni of Sunderland	Nexus Sunderland Direct	new branch									
122	303	INTERVENTI ON BOARD EXECUTIVE AGENCY	Newcastle Business Park	branch relocation	4.8	V Spur Kenton Bar	Contributions Agency Inland Revenue	branch relocation	Kenton Bar	National Insurance Contributions	branch relocation	Broadway W. Gosforth	being redevelope d for residential 3/01	change of use			
						C Spur Kenton Bar	Crown Prosecution Service	branch relocation	Kenton Bar	Maritime Coastguard Agency	branch relocation	Broadway W. Gosforth	being redevelope d for residential 3/02	change of use			
						PK's Kenton Bar	Contributions Agency Inland Revenue	branch relocation	Kenton Bar	Customs & Excise	branch relocation	Broadway W. Gosforth	being redevelope d for residential 3/03	change of use			
123	372	ISHERWOOD S	Royal Quays	transfer	3.8	F11 Northumbria Hse Davy Bank Wallsend	vacant	vacant									
						F12 Northumbria Hse Davy Bank Wallsend	Books UK	new branch									
						F12 Northumbria Hse Davy Bank Wallsend	vacant	vacant									
124	582	J&S SEDDON (PAINTING) LTD	Team Valley Trading Estate	branch relocation	5.3	211 Westgate Rd, Newcastle	vacant	vacant									
125	174	JAY FILM & VIDEO	Central Park	transfer	1.1	Hawthorn Hse Forth Banks	Yellow M	existing expansion									
126	26	KEYWORDS	Boldon Business Park	transfer	8.1	ABC Units Town Hall Gateshead	Mari	branch relocation	Unit 2 West Asama Ct NBP	vacant	vacant						

									Unit 1 West Asama Ct NBP	Kah Systems	new start- up						
127	27	KIRKY'S BAKERY LTD	Boldon Business Park	transfer	7.4	54-55 Crowther IE Washington	vacant	vacant									
128	699	KITSONS INSULATION PRODUCTS LTD	Team Valley Trading Estate	branch relocation	0.1	E72 Princesway TVTE	redeveloped for new industrial units	redevelop									
129	367	KOCKUMS COMPUTER SYSTEMS (KCS) UK	Royal Quays	branch relocation	3.3	Armstrong Tech C. Davy Bank Wallsend	vacant	vacant									
						Armstrong Tech C. Davy Bank Wallsend	BMT Ship Design	transfer	FI1 Northumbria Hse Wallsend	vacant	vacant						
130	196	KPMG	East Quayside	branch relocation	1.1	FI 2 Maybrook Hse Grainger Street	Strategic Systems Solutions Ltd	new branch									
						FI 4 Maybrook Hse Grainger Street	North British Housing Assoc (223)	branch relocation	52 Westgate Rd Newcastle	Samual Phillips sols	transfer	86 Pilgrim St Newcastle	vacant	v			
						FI 5 Maybrook Hse Grainger Street	Standard Life	existing expansion									
						FI 5 Maybrook Hse Grainger Street	SSS	existing expansion									
131	191	LAYTON GROUP	Doxford Park	branch relocation	5.5	10 Grange Cres S'land Vine Pl Haughton & BIC	vacant	vacant									
					3.0	4 Vine Pl. Houghton le Spring	WCF Fuels NE	transfer	Pearsons IE Colliery Ln Hetton le Hole	Vernon Car Sales	expansion existing						
					6.3	15 BIC SEP	Techtonik	new start- up									
252	798B	LEHMANN'S	Viking Industrial Park	transfer	6.5	Lumsden's site Hawks Rd G'head											
132	28	LEX HARVEY	Boldon Business Park	branch relocation	9.9	333 Dukesway TVTE	vacant	vacant									

133	374	LINCOLN FINANCIAL GROUP	Silverlink Business Park	branch relocation	10.8	1 Diamond Ct Brunton Ln Kingston Pk	Cameron Media Services	transfer	Top fl 12 Heriot Hse Summerhill Terr Newcastle	The Environment Practice	transfer	Top fl Wallington Hse Starbeck Av	White Young Green	existing expansion			
134	205	LION PVC PRODUCTS	Follingsby Park	transfer	3.3	5 Bridgewater Rd, Washington, NE37 2SG	Posithread	existing expansion									
135	741	LITE CREATIONS	TEDCO Business Centre	transfer	4.0	Plessey Build No. 2 Eldon St S. Shields	Viasystems	new branch									
136	221	M. B. & G. INSURANCE	Howard Street	transfer	0.4	Fl1&2 65 Church Way N. Shields	vacant	vacant									
137	349	MALCOLM SCOTT ENGINEERING	North Sands Business Centre	transfer	0.8	94/96 Fulwell,Sunderland, SR6 9QR	S Young	new start-up									
138	726	MCA FINANCE LTD	Team Valley Trading Estate	transfer	0.1	2 Carlton Court TVTE	Independent Property & Mortgage Services	new start-up									
139	225	MEDIATION IN NORTH TYNESIDE	Howard Street	transfer	6.1	CAB Station Rd/Hugh St Wallsend	Citizen's Advice Bureau	existing expansion									
140	373D	MERCANTILE BUILDING SOCIETY	Silverlink Business Park	branch relocation	3.4	75 Howard St, N. Shields NE30 1QR	JPL Wade	transfer	27 N'land Sq N. Shields	New Life Alternative Medicines	new start-up						
141	268	MERTZ & MCLELLAN	Newcastle Business Park	transfer	9.6	Amberly Killingworth	NTMBC	branch relocation	Stevenson C. Killingworth	vacant	vacant						
142	773	METCOM TRAINING	TEDCO Business Centre	branch relocation	1.1	top fl office build Bedewell Industrial Pk Hebburn	Colourmatch	transfer	25 City Rd Newcastle								
143	413	MICHELIN TYRES	Sunderland Enterprise Park	branch relocation	10.0	Drum, Birtley DH3 5AF	Conroy's Removals	new branch									
144	399	MICRO TECHNOLOGY CENTRE	Sunderland Enterprise Park	branch relocation	6.5	half top fl Armstrong Hse Washington	University of Sunderland	branch relocation	1A Industry Centre	School of Science	new branch						
									1B Industry Centre	Internal Audit	transfer	LCA Centre Sunderland Uni	Nexus Sunderland Direct	new branch			

													Project Team				
									1C Industry Centre	vacant	vacant						
									Edinburgh Bldg Chester Rd	E Commerce Project	new start-up						
145	35	MIDIS LTD	Boldon Business Park	branch relocation	6.4	1st fl Armstrong Hse Washington	vacant	vacant									
146	322	MIKE DUNWOODIE ASSOCIATES ARCHITECTS	Newcastle Business Park	transfer	6.4	26 Jesmond Rd	The Christian Institute	transfer	Eslington Hse Eslington Terr	Jesmond Trust	expansion existing						
147	29	MILL GARAGES CAR CLINIC	Boldon Business Park	branch relocation	9.9	9-12 Leechmere IE Grangetown S'land	vacant	vacant									
148	360	MILLER HOMES NORTH EAST	Royal Quays	transfer	10.4	Gt North Rd Gosforth & Newcastle Hse Albany Ct NBP	HM Customs & Excise	branch relocation	Fl 2 Eagle Star Hse Regent C.	Inland Revenue Training Office	branch relocation	prefab DSS Longbenton	Inland Revenue Regional Training	existing expansion			
					11.8	W. Wing gnd Newcastle Hse Albany Ct NBP	vacant										
149	401	MINOLTA BUSINESS CENTRE	Sunderland Enterprise Park	branch relocation	1.1	6 Sunrise Enterprise Park	Donald Murray Paper (446)	branch relocation	pt 10 Shaftsbury Av Tech C. Simonside IE	Filtrona	existing expansion						
									Bedesway Bede IE	Filtrona	existing expansion						
150	407	MOTHERWELL INFO SYSTEMS	Sunderland Enterprise Park	branch relocation	12.0	Sovereign Hse Fifth Av BP TVTE	ADT Fire & Security	see 473									
								see 473									
								see 473									
151	203	MOTT MACDONALD	East Quayside	branch relocation	0.8	Neptune Hse Close, Newcastle NE1 3RQ CofU leisure	redeveloped as night club venue	change of use									

152	606	NAYLORS CHARTERED SURVEYORS	Team Valley Trading Estate	transfer	5.9	4 Albany Hse Albany Way Washington	redeveloped for nursing home	change of use									
153	820	NEW ARC EQUIPMENT LTD	Walker Riverside	branch relocation	6.9	311b Dukesway TVTE	vacant	vacant									
154	15A	NHS DIRECT	Balliol Business Park	branch relocation	7.3	1st fl Panther Hse NBP	A&E Control NHS Ambulance Service	branch relocation	Interlink Hse Scotswood Rd	MCI Worldcom	new branch						
155	381	NHS TELECOMMU NICATIONS (NORTHERN & YORKSHIRE)	Silverlink Business Park	branch relocation	5.0	M'ment Services Bldg Benfield Rd	Newcastle & N. T'side Health Authority	branch relocation	Old Hospital bldgs Benfield Rd	vacant awaiting redevelopmen	vacant						
156	488	NIKE (UK) LTD	Team Valley Trading Estate	branch relocation	7.6	Spire Rd Glover IE Washington	Asco General Supplies Ltd	new branch									
157	393	NISSAN TRADING EUROPE LTD (NITCO)	Sunderland Enterprise Park	transfer	4.9	16 Vermont Hse Concord Washington	Miller Group	transfer	Suite 2.1 Parsons Hse Washington	vacant	vacant						
158	265	NORSCREE N	New York Industrial Estate	transfer	12.3	2 West View Ter Dunston	Perfect Print	transfer	8-9 Phoenix Rd Crowther IE Washington	Riley Leisure	transfer	409 Old Durham Rd Gateshead	Orbit Computers	transfer	1 Collingwood St Felling	vacant	vacant
						2 West View Ter Dunston	Sprint Print	transfer	50-52 Scotswood Rd Newcastle	Mosaic Apparell	new branch						
						Unit 1 Parker Ct Dunston	Toyota Fork Lift Co.	branch relocation	17-19 Harvey Cl Crowther Washington	vacant	vacant						
159	195	NORTH OF ENGLAND PROTECTIO N & INDEMNITY ASSOC	East Quayside	transfer	1.3	2-8 Eagle Star Hse Fenkle St, Cloth Market NE1 5DS	Eagle Star	existing expansion									
160	214	NORTH TYNESIDE CHILDRENS SERVICE	Howard Street	branch relocation	1.4	Station Mews Tynemouth Stn & Parkside Hse Elton St	NTMBC Community Social Wk Team	existing expansion					vacant				

					6.3	Parkside Hse Elton St N. Shields	Community Learning Disabilities	transfer	26 Station Rd Whitley Bay	vacant								
161	744	NORTHERN ELECTRONIC TECH LTD	TEDCO Business Centre	transfer	4.0	Plessey No. 2 build Eldon St S. Shields	Viasystems	new branch										
162	193	NORTHERN INFORMATICS	Doxford Park	transfer	5.5	2 offices Industry Centre SEP	Sunderland Uni	branch relocation	Hutton Bldg St. Michael's Way	Sunderland Uni Learning Dev't Services	branch relocation	Edinburgh Bldg	Sunderland Uni	existing expansion				
163	to do?	NORTHERN PROFILE	Newcastle Business Park	branch relocation	3.4	48 Jesmond Rd first fl												
164	184	NORTHERN ROCK	Doxford Park	branch relocation	5.9	St Cuthbert's Hse Fawcett St, Sunderland	Sunderland City Council	branch relocation	St Thomas St Office C. 4 St Thomas St	new businesses only	new start-up							
165	297	NORTHUMBRIA AMBULANCE SERVICE NHS TRUST	Newcastle Business Park	branch relocation	0.1	Interlink Hse Scotswood Rd sold to MCI Worldcom	MCI Worldcom	new branch										
166	795	NORTHUMBRIA POLICE DIVING & MARINE SCHOOL	Viking Industrial Park	branch relocation	11.3	North Dock S'land	demolished for residential	change of use										
					7.3	Pipewellgate G'head	redeveloped as restaurant	change of use										
167	310	NOVA INTERNATIONAL	Newcastle Business Park	transfer	3.4	3rd fl Portland Hse Portland Rd Jesmond	Norcare	transfer	20 Portland Terr	Homecare NE	transfer	1 Basement Osborne Rd	The Jager Clinic	new start-up				
										vacant	vacant							
168	17A	NOVOCASTRA LABORATORIES LTD	Balliol Business Park	transfer	4.8	21 Claremont Pl Newcastle, NE2 4AA	Dept of Human Genetics & Regional Therapeutic Unit	existing expansion										
169	238	NTMBC BIDDING UNIT	Howard Street	branch relocation	6.0	Town Hall Wallsend	NTMBC Policy Officers	existing expansion										
170	234	NTMBC ECONOMIC	Howard Street	branch relocation	8.5	part Graham Hse Benton Rd	redeveloped for residential	change of use										

		DEVELOPMENT & N.T'SIDE TOURISM NET				Longbenton											
171	294	NUTTALL CONSTRUCTION	Newcastle Business Park	transfer	3.4	F12E Wingrove Hse Cowgate	vacant	vacant									
						F12W Wingrove Hse Cowgate	West End Theatrical Agency	transfer	3 Lansdowne Pl Gosforth	Brian Thompson Insurance	existing expansion						
						F13W Wingrove Hse Cowgate	vacant	vacant									
172	776	OFFICE (UK) LTD	TEDCO Business Centre	branch relocation	8.8	Armstrong IE Hobbs Copy Shop unit	Hobbs Copy Shop	new start-up									
173	246	OFFICE DATA SUPPLIES	Metro Riverside Park	branch relocation	4.0	OWNERS High St Newburn	NE Computers	new start-up									
						OWNERS High St Newburn	Autoserve	vacant									
						OWNERS High St Newburn	D&H Security	new start-up									
						OWNERS High St Newburn	Deltic Carriers	new branch									
						OWNERS High St Newburn	vacant	vacant									
						OWNERS High St Newburn	Whatco Refrigeration	transfer	8F Alder Rd W. Chirton N. I.E.	vacant	vacant						
						Tynedale Works High St Newburn	Multi-lab Ltd	new start-up									
174	38	OPTOLINK/ISCOM LTD	Boldon Business Park	transfer	0.1	12 Witney Way Hi-Tech Village Boldon	Althomed	transfer	The Business C. Park Rd Felling	vacant	vacant						
						13 Witney Way Hi-Tech Village Boldon	NE Chamber of Commerce	existing expansion									

175	160	ORCHARD INFORMATIO N SYSTEMS	Central Park	transfer	1.3	12-14 Marlborough Crescent	Posford Duvivier	branch relocation	F13 Warwick Hse Grantham Rd	Inland Revenue	existing expansion						
176	376	ORGANO (EUROPE) LTD	Silverlink Business Park	branch relocation	3.0	Suite 1 F11 Albion Hse west Percy St N. Shields	Positive People Development	transfer	Unit 3 Albion Hse	vacant	vacant						
177	342	ORIANTECH LTD	North Sands Business Centre	transfer	0.1	part top fl Barbican Hse S'land	KV Computers	transfer	F11&2 31 W. Sunniside Sunderland	vacant	vacant						
178	403	OSC HEALTHCAR E	Sunderland Enterprise Park	transfer	13.6	201 St Mary's Business C. Oystershell La, Newcastle	new business	new start- up									
179	594	PALINTEST LTD	Team Valley Trading Estate	transfer	0.1	57 Queensway TVTE	demolished	vacant									
180	696	PARCELFOR CE	Team Valley Trading Estate	transfer	3.9	Orchard St MLO Forth St Newcastle	redeveloped for office	redevelope d									
181	10	PARTY PALACE	Armstrong Industrial Estate	transfer	6.0	Walbottle Rd, Newcastle	NE Plant Hire	new start- up									
182	746	PASS & CO TIMBER PRESERVATI ON	TEDCO Business Centre	transfer	4.0	Plessey Build No. 2 Eldon St S. Shields	Viasystems	new branch									
183	392	PEARL ASSURANCE	Sunderland Enterprise Park	branch relocation	3.8	14 Holmeside Sunderland	Aztec Jewellery	new start- up									
184	389	PHASOR LTD	Sunderland Enterprise Park	branch relocation	0.1	2c Hylton Park	vacant	vacant									
185	277	POINTER LTD	Newcastle Business Park	branch relocation	4.6	384b Jedburgh Ct TVTE	vacant	vacant									
186	745	PRECISION GRINDING SERVICES LTD	TEDCO Business Centre	transfer	4.0	Plessey Build No. 2 Eldon St S. Shields	Viasystems	new branch									
187	443	PREMIER TRADE FRAMES	Sunrise Enterprise Park	branch relocation	8.9	Unit 4 Rainton Bridge IE	Select Interiors	transfer	A2 Enterprise C. Lake Rd Houghton le	Elite Precision Engineering	transfer	B22 & C23 Enterprise C. Lake Rd	vacant	vacant			

		LTD/CITY PLASTICS						spring									
188	248	PRINTERS (COAST) LTD/ALLAN & DEAN	New York Industrial Estate	transfer	4.1	158 Whitley Road Whitley Bay	The Job Shop	branch relocation	F11 above Spar Park Way Whitley Bay	College Connections	new start-up						
189	373B	PROCTOR & GAMBLE	Silverlink Business Park	branch relocation	7.0	St Nicholas Av, Gosforth	vacant	vacant									
190	777	PROFIT RECOVERY GROUP (UK) LTD	TEDCO Business Centre	branch relocation	4.6	part F11 Duncan Hse, S. Shields	Safeway Call centre	new branch									
191	325	PRUDENTIAL	Newcastle Business Park	branch relocation	3.1	F12&3 Crestina Hse Archibold Terr Jesmond	vacant	vacant									
192	425	PSB TRAINING	Sunderland Enterprise Park	transfer	13.4	32 Scotswood Rd Newcastle	Sehgals	new branch									
193	574	QUALITY SOFTWARE PRODUCTS LTD	Team Valley Trading Estate	transfer	3.9	F13 Victoria Bldg 46 Grainger St	vacant	vacant									
194	280	RED MARKETING COMMUNICATIONS LTD	Newcastle Business Park	transfer	3.8	48A Osborne Rd Jesmond	Eblett Ellison	existing expansion									
195	750	REDMAN DESIGN & ADVERTISING	TEDCO Business Centre	transfer	5.8	Top fl 44 Front St E. Boldon	Breeze	new start-up									
196	409	REG VARDY	Sunderland Enterprise Park	transfer	6.0	Hainings A690 Stoneygate Houghton Le Spring	Vardy Stoneygate Used Car sales	existing expansion									
197	408	REGIONAL TECHNOLOGY CENTRE NORTH LTD	Sunderland Enterprise Park	transfer	0.1	3D Hylton Park	Alphagraphics	new start-up									
198	458	RINGTONS LTD	Team Valley Trading Estate	branch relocation	13.8	108 Imearly St S. Shields	Johnson Funeral	new start-up									

							Parlour to redev to resi											
					15.0	Brook St. Sunderland	Budget Car Rentals	branch relocation	Dixons N'cle Rd Sunderland	Dixons	existing expansion							
199	14	RINGTONS TEA LTD	Balliol Business Park	branch relocation	4.5	Algenon St Byker Newcastle NE6 2YN	Miller's Auctioneers	transfer	18-24 Gallowgate Newcastle	Barker & Stonehouse to reloc prior to redev to office	existing expansion							
200	278	RJE RETAIL DIRECTIONS LTD	Newcastle Business Park	branch relocation	2.1	15 St James St Newcastle	Litter Bins	transfer	5C Elmfield Rd Gosforth	Burnside Management	transfer	FI2 67 High St Gosforth	Baker Independent Fin Serv	new start-up				
									67 High St Gosforth	Baker Independent Fin Serv	new start-up							
201	799	RJL ENGINEERING SERVICES	Viking Industrial Park	transfer	0.1	18 Royal IE	Tyneside Engineering Services	transfer	3A Kings Court Royal IE	vacant	vacant							
					0.1	23 Royal IE	Chillingham Design & Manufacture	existing expansion										
					0.1	33 Royal IE	vacant	vacant										
202	18	ROMECC	Balliol Business Park	branch relocation	3.5	Wesley Way Benton Sq Benton IE	Mike Savage	transfer	adj bldg Wesley Way Benton IE	P.F. Burridge & Sons	existing expansion							
203	311	ROYAL LONDON INSURANCE	Newcastle Business Park	branch relocation	1.6	Gnd & b'ment 43 Grainger St Newcastle	Alexandra Workwear	branch relocation	23 Market St Newcastle	Saks Hairdressers	branch relocation	FI1 140 Northumberland St Newcastle	Kentucky Fried Chicken	existing expansion				
204	433	ROYAL LONDON INSURANCE	Sunderland Enterprise Park	branch relocation	10.3	90 High St W Walls	vacant to let to union	vacant										
				branch relocation	11.9	106 High West Ghed	Monarch Energy	new branch										
205	418	ROYAL MAIL	Sunderland Enterprise Park	branch relocation	2.6	West Sunnyside Sunderland	vacant awaiting redev to car sales	vacant										
					2.6	William St Sunderland	vacant awaiting redev to leisure	vacant										

206	817	ROYSTON MARINE LTD	Walker Riverside	transfer	7.9	40 Bell St, N. Shields NE30 1HF	vacant	vacant									
207	15B	SALVATION ARMY	Balliol Business Park	branch relocation	2.4	Level 3 S. Wing Horsley Hse Regent Centre	vacant	vacant									
208	439	SCOTTISH COURAGE GROUP TECH SERVICES	Sunrise Enterprise Park	branch relocation	17.1	Distrib Depot Kenton Rd Airport IE	TA Barracks Royal Artillery	branch relocation	Rhode St Walker	TA Centre	existing expansion						
									Gosforth Barracks	vacant awaiting redev for resi	vacant						
209	to do?	SERVICE POINT	Armstrong Industrial Estate	transfer	2.9	2 & 3 Union St Shieldfield IE											
210	254	SHIREMOOR PRESS LTD COMMERCIAL PRINTERS	New York Industrial Estate	transfer	3.5	Cedar Grove Wallsend	Orbit Tools	new start-up									
211	320	SIEMENS BUILDING TECHNOLOGIES	Newcastle Business Park	branch relocation	9.3	1 Point Pleasant IP Wallsend	Quantum Hse	new start-up									
212	754	SILLARS ROAD CONSTRUCTION LTD	TEDCO Business Centre	branch relocation	4.0	Plessey No. 2 Build Eldon St S. Shields	Viasystems	new branch									
213	247	SMITH PRINT LTD	Metro Riverside Park	transfer	4.4	Sutherland Hse S. Shore Rd Gateshead	redeveloped for blinking bridge	change of use									
214	672	SNAPFAST	Team Valley Trading Estate	transfer	0.1	321Q Mayoral Way, TVTE	Mackay Construction chemicals	new branch									
215	578	SODEXHO	Team Valley Trading Estate	transfer	0.1	12 Enterprise Hse Kingsway TVTE	G'head & S. T'side Health Authority	branch relocation	??								
						14 Enterprise Hse Kingsway TVTE	Eclipse Education Ltd	transfer	Imex Bus C. Birtley								

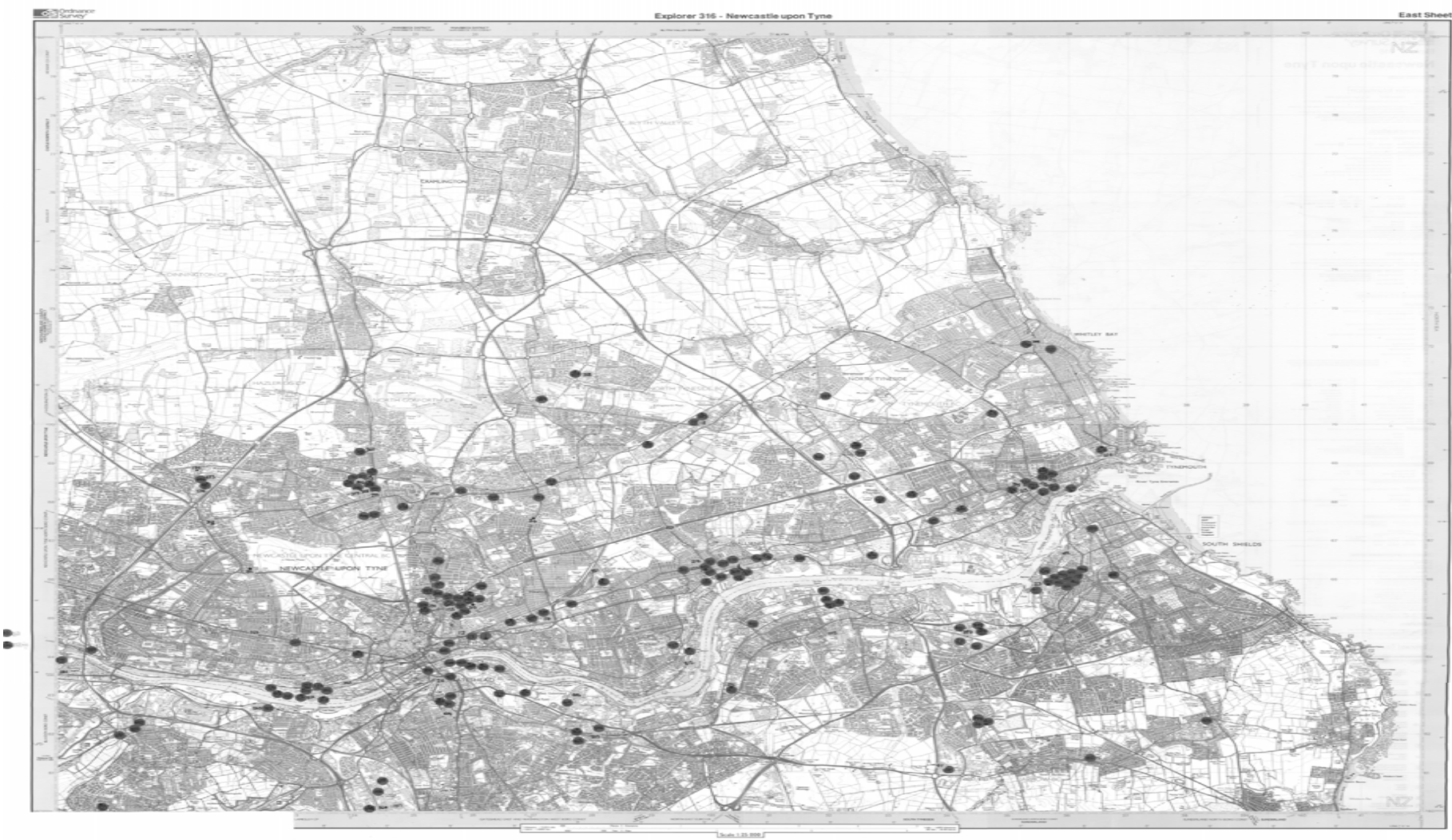
						16 Enterprise Hse Kingsway TVTE	Cominer Software	new start- up										
216	to do?	SOUTH TYNESIDE GROUNDWO RK TRUST	Viking Industrial Park	transfer	0.1	TEDCO Jarrow 3 units												
217	207	SPARK RESPONSE	Follingsby Park	branch relocation	1.8	15 Alston Rd District 15 WASHINGTON	Mailcom	new branch										
218	778	SPEAR & JACKSON INT. LTD	TEDCO Business Centre	branch relocation	8.3	1 Bridgewater Rd Hartburn IE Washington	Pegasus	transfer	26A Philadelphia Complex	vacant	vacant							
219	775	STEPHENSON ELECTRICAL SERVICES	TEDCO Business Centre	transfer	3.8	11F Rekendyke I.E., S. Shields	vacant	vacant										
253	to do?	SUNDERLAND HOUSING CO LTD	Doxford Park	branch relocation	3.2	4 Mautland Sq Houghton le Spring	to be developed for Co-op supermarket	redevelope d										
					5.8	S'land Civic C.	SCC	existing expansion										
						Jack Crawford Hse S'land	SCC	existing expansion										
						S. Hylton Hse S'land	SCC	existing expansion										
220	440	SUPERIOR PIPEWORK (SPC) PIPELINE FITTINGS LTD	Sunrise Enterprise Park	transfer	6.3	29 & 30 Harvey Cl, Crowther IE Washington	vacant	vacant										
221	335	SUTTON SMITH	North Sands Business Centre	transfer	0.9	Arco Hse 30 Norfolk St S'land	AMCO Computers	existing expansion										
222	794	SYCOPEL INTERNATIO NAL LTD	Viking Industrial Park	transfer	4.1	6 Hutton St Boldon Colliery NE35 9LW	ABC Artistic Blacksmith Components	existing expansion										

223	327	TDG INTERACTIVE	Newcastle Business Park	transfer	0.1	28 Riverside Studios NBP	Student Mobile.com (287)	transfer	Unit 6 Hawthorn Hse Forth Banks	Redbox Mortgages	existing expansion						
224	756	TEDCO ENTERPRISE LTD	TEDCO Business Centre	transfer	4.0	fmr Plessey No.2 build Eldon St S. Shields											
225	468	TELEWEST COMMUNICATIONS	Team Valley Trading Estate	branch relocation	3.8	Gibson Hse Holly Hill Felling Rd G'head	redeveloped as nursery	change of use									
226	40	TITAN PRODUCTS	Boldon Business Park	transfer	0.9	17 Hutton St, Boldon	vacant	vacant									
						18 Hutton St, Boldon	W. Wake Garden Ornaments	new start-up									
227	576	TOLENT CONSTRUCTION LTD	Team Valley Trading Estate	transfer	3.9	Heworth Gateshead	redeveloped for residential	change of use									
228	256	TRANSTAR LTD	New York Industrial Estate	transfer	6.8	Unit 1 Victoria IP Hebburn	Durham Filtration Engineers Ltd	transfer	Crowley Rd Swallwell	MMF	new branch						
									2 Green Lane Felling	Fluid Auto Ltd	transfer	8 Nielson Rd Felling IE	vacant	vacant			
						Unit 7 Victoria IP Hebburn	McNulty Marine & Industrial	branch relocation	2 Charlotte Ter Commercial Rd S. Shields	Aker Maritime	existing expansion						
229	412	TWEDCO	Sunderland Enterprise Park	transfer	3.8	Bentall Bus Pk Washington NE37 3ID	Calsonic	existing expansion									
230	358	TWININGS	Royal Quays	transfer	1.5	Unit A Tyne Tunnel Trading Estate	vacant	vacant									
						Unit B Tyne Tunnel Trading Estate	Ovington Marine	new branch									
231	780	TYNESIDE STANDARDS	TEDCO Business Centre	transfer	0.1	3A King's Court Jarrow	vacant	vacant									
232	309	TYPEX UK LTD	Newcastle Business Park	transfer	2.1	Gnd fl 29 Collingwood St Newcastle	hairdressers	change of use									

233	252	UNIKA COLOUR PRODUCTS LTD	New York Industrial Estate	transfer	3.4	37B North Tyne I.E.	vacant	vacant										
234	154	UNIVERSAL BUILDING SOCIETY	Central Park	branch relocation	0.6	Gnd fl 18-20 Ridley Place Newcastle	Endsleigh Insurance	branch relocation	Gnd fl 19 Ridley Pl Newcastle	Millennium Telecom	new branch							
						F11 18-20 Ridley Place Newcastle	Dawson & Sanderson	existing expansion										
235	177	UNIVERSITY OF NORTHUMBRIA	Central Park	branch relocation	0.5	Northumberland Bldg & various City Campus	UNN ISD	existing expansion										
236	257	VICTOR PRODUCTS	New York Industrial Estate	transfer	3.4	Lime Kiln Rd Wallsend	redeveloped for residential	change of use										
237	201	VITALIS	East Quayside	transfer	3.0	21 Amethyst Rd, NBP NE4 7YL	Work Incorporated (315)	transfer	8 TV Shopping Arcade TVTE	The Dental Practice	change of use							
238	505	WALTER DIX & CO	Team Valley Trading Estate	transfer	5.1	Tower St Newcastle	Hallmark	new start- up										
							Harry Patrick Motor Vehicle Service	new start- up										
239	199	WARD HADAWAY	East Quayside	transfer	0.9	Alliance Hse Hood Street	vacant considering redev to retail	vacant										
					0.9	16/18 Hood Street	Northern Rock	existing expansion										
					1.0	F14 New England Hse Ridley Pl	vacant	vacant										
240	20	WARING & NETTS	Balliol Business Park	branch relocation	2.4	Top fl Bullman Hse Regent C.	Home Housing	existing expansion										
241	32	WEARSET	Boldon Business Park	transfer	6.5	59 Sea Rd Fulwell Sunderland SR6	Victoria Manor Marketing	new start- up										
242	758	WILKINSON SOWERBY UPHOLSTERERS	TEDCO Business Centre	transfer	4.0	Plessey Build No. 2 Eldon St S. Shields	Viasystems	new branch										

243	1	WILLIAM WILSON LTD	Armstrong Industrial Estate	transfer	3.1	51 Steenberg's Lime St Ouseburn	redeveloped for office	vacant									
244	371	WILSON ROSS MACDOUGAL	Royal Quays	transfer	4.0	Top fl Lab Block Wallsend Research Stn Davy Bank	vacant	vacant									
245	216	WOMEN INTO WORK	Howard Street	branch relocation	1.4	Station Mews N. Shields	NTMBC Community Social Wk Team	existing expansion									
246	782	WRIGHTS PROPERTY SERVICES	TEDCO Business Centre	transfer	10.0	Imex Budget Workspace, Dunston B.P. St Omars Rd G'head	new business	new start- up									
247	302	WSP CONSULTIN G ENGINEERS	Newcastle Business Park	branch relocation	3.4	15 Portland Ter Jesmond	vacant	vacant									
					3.5	8 Osborne Rd Jesmond	Nursery	change of use									
					3.5	Derwent Hse Fifth Av BP TVTE	Industrial Inspection	new start- up									
248	23	XBS BUSINESS SOLUTIONS	Boldon Business Park	transfer	5.0	Suite 16 Cookson Hse River Dr S. Shields	Bill Goff Tours Ltd	transfer	Store Freight Bldg N.cle Rd Simonside IE	NE Chamber of Commerce	existing expansion						
249	to do?	YOUR MOVE	Newcastle Business Park	branch relocation	2.6	34 St Mary's Pl											

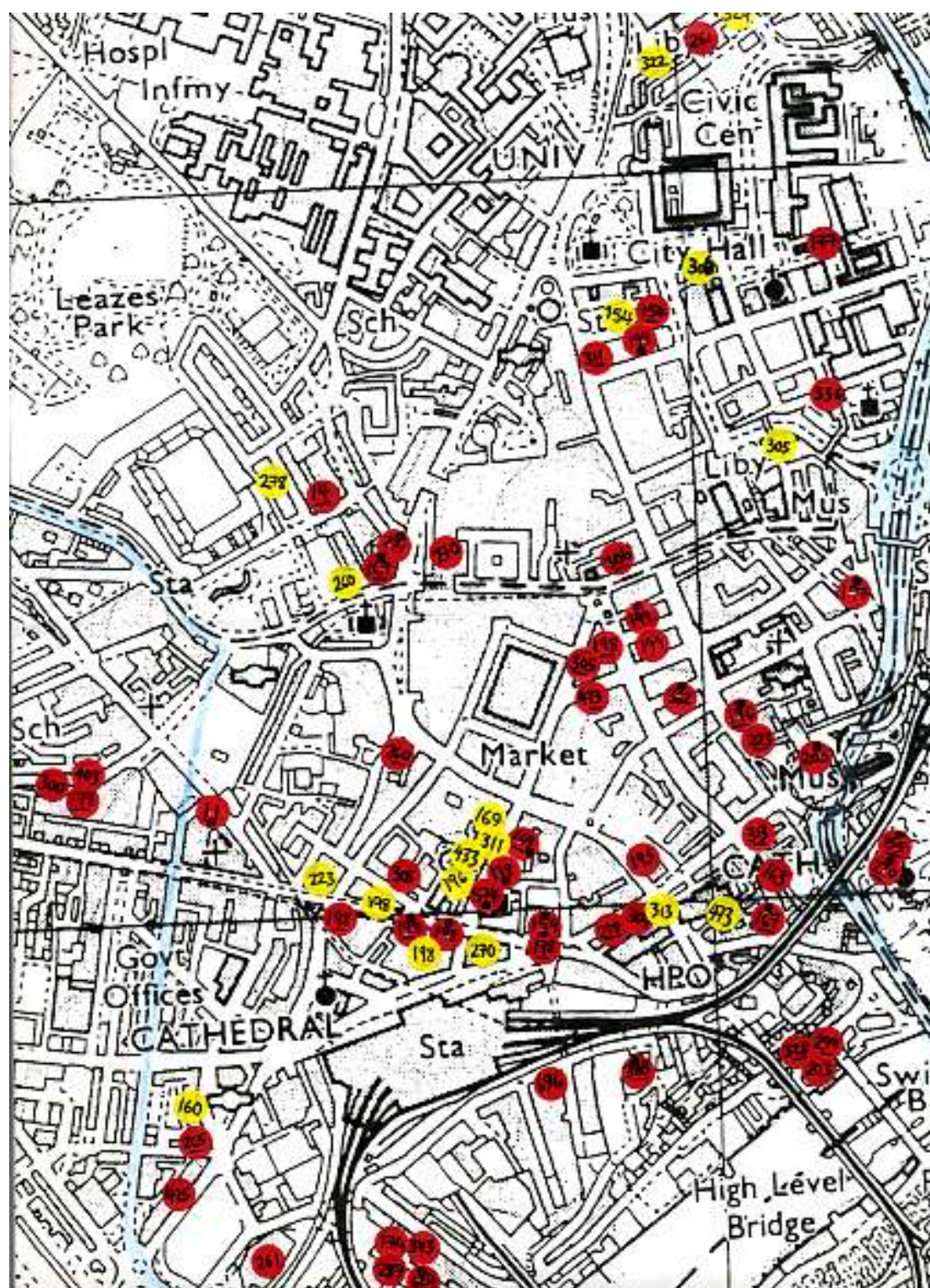
Source and Chain End Destination Map: Tyneside



Source and Chain End Destination Map: Wearside



Source and End of Chain Locations; Newcastle City Centre



Photographs of Chain-end Properties

Part occupied offices, Cowgate, Newcastle



Former Cruickshank and Partners premises, Birtley



Vacant Offices, Sunnyside. Sunderland



Former Post Office, Sunnyside, Sunderland



Former Seddon premises, off Westgate Road, Newcastle



Vacant Retail premises Sunderland



Photographs of Chain-end Properties (continued)

Vacant industrial unit, Malmo Close, Tyne Tunnel Industrial Estate



Vacant industrial unit, North Tyne Industrial Estate



Grange Way, Preston Grange (since demolished and redeveloped for residential use)



APPENDIX D

Supporting information for Phase 3 interviews

Profile of Occupiers Interviewed

No.	Occupier	Development	Status	Type of space	Business Sector	Staff	Unit size (sq ft)	Tenure
1	Medical Equipment	Boldon	Transfer	Hybrid	Medical & healthcare	18	2001-10,000	T
2	Solicitors	North Sands	New start-up	Office	Professional services	30	2001-10,000	T
3	Precision Engineering	TEDCO	New start-up	Industrial	Engineering	4	<500	T
4	Solicitors	East Quayside	Transfer	Office	Professional services	250	>50,000	T
5	Innovation into industry	SEP	Transfer	Office	Research & development	44	10,001-20,000	T
6	Printers	Sunrise	New Branch	Industrial	Media etc	100	20,001-50,000	T
7	Property Developers	Silverlink	New Start-up	Office	Property & construction	7	501-2000	T
8	Quantity Surveyors	Central Park	Branch Relocation	Office	Professional services	4	2001-10,000	T
9	Bus and Rail Transport	Doxford	Branch Relocation	Office	Transport & distribution	230	>50,000	OO
10	Maritime Transport	Walker	New Branch	Industrial	Transport & distribution	6	2001-10,000	T
11	Electronic Engineering	Viking	Transfer	Industrial	Engineering	13	2001-10,000	OO
12	Market Research	Balliol	Transfer	Office	Research & development	36	10,001-20,000	T
13	Building Services	NBP	New Branch	Office	Property & construction	45	2001-10,000	T
14	Mortgage Advisors	North Sands	New Branch	Office	Financial services	2	<500	T
15	Insurance	NBP	Branch Relocation	Office	Insurance/ Assurance	1200	>50,000	OO
16	Surveyors	TVTE	Branch Relocation	Office	Professional services	9	501-2000	OO
17	Credit Card Call Centre	Doxford	New Branch	Office	Financial services	1500	>50,000	T
18	Hardware Sales	Armstrong	New Start-up	Industrial	Wholesaling	5	501-2000	T
19	Fish Supplier	TVTE	Transfer	Industrial	Food catering &	80	10,001-20,000	OO
20	Motor Trader	Doxford	Branch Relocation	Office	Retailing	160	20,001-50,000	OO
21	Education Funding	Central Park	New Branch	Office	Education & training	18	2001-10,000	T
22	Travel Agent	Central Park/SEP	New start-up	Office	Travel & tourism	30/20	501-2000	T
23	Motor Trader	SEP/Doxford	Branch Relocation	Office	Retailing	160	20,001-50,000	OO
24	Sportware Manufacturer	Follingsby	Transfer	Industrial	Retailing	50	>50,000	T
25	Maritime Design	Royal Quays	Branch Relocation	Office	Computing	20	10,001-20,000	T
26	Printers	New York	Transfer	Industrial	Media etc	135	>50,000	T
27	Umbilical Cable Supply	Walker	New Branch	Industrial	Manufacturing	260	>50,000	OO
28	Recruitment	Viking	New Start-up	Office	Media etc	3	<500	T
29	Medical Equipment	SEP	New Branch	Industrial	Medical & Healthcare	30	2001-10,000	T

Summary of Interviews

No.	Occupier Business	Position of Interviewee	Date of Interview	Conduct of Interview
1	Medical Equipment	Managing Director	15/4/02	Face to face at premises
2	Solicitors	Partner	15/4/02	Face to face at premises
3	Precision Engineering	Sole Proprietor	11/4/02	Face to face at premises
4	Solicitors	Consultant	15/4/02	Face to face at home
5	Innovation into industry	Senior Manager	16/4/02	Face to face at premises
6	Printers	Director	16/4/02	Face to face at head office
7	Property Developers	Managing Director	23/4/02	Face to face at premises
8	Quantity Surveyors	Partner	23/4/02	Face to face at new offices
9	Bus & Rail Transport	Company Secretary	23/4/02	Face to face at premises
10	Maritime Transport	Director	18/4/02	Face to face at premises
11	Electronic Engineering	Managing Director	11/4/02	Face to face at premises
12	Market Research	Director	12/4/02	Face to face at premises
13	Building Services	Office Manager	22/4/02	Face to face at premises
14	Mortgage Advisors	Office Manager	3/5/02	Face to face at head office
15	Insurance	Property Manager	25/4/02	Telephone
16	Surveyors	Senior Partner	2/5/02	Face to face at premises; not recorded
17	Credit Card Call Centre	Consultant	30/4/02	Telephone
18	Hardware Sales	Partner	1/5/02	Face to face at premises
19	Fish Supplier	Marketing Director	10/5/02	Face to face at premises
20*	Motor Trader	Head of Property	23/4/02	Face to face at head office
21	Education Funding	Office Manager	18/4/02	Telephone; not recorded
22	Travel Agent	Director	2/5/02	Face to face at new offices
23*	Motor Trader	Project Manager	31/5/02	Telephone
24	Sportware Manufacture	Company Secretary	25/3/03	Face to face at premises
25	Maritime Design	President	25/3/03	Face to face at premises
26	Printers	Managing Director	25/3/03	Face to face at premises
27	Umbilical Cables	Chief Executive	1/4/03	Face to face at premises; not recorded
28	Recruitment	Partner	4/4/03	Face to face; not recorded
29	Medical Equipment	Consultant	4/4/03	Face to face; not recorded

*Two interviews with different people from the same company

Informal Interviews conducted during the course of the research

Name	Organisation	Date
Phil Calvert	English Partnerships	2/5/96
Colin Pearce	Gateshead MBC	18/9/97
Steve Gawthorpe	English Partnerships	19/11/97 & 2/00
Keith Burge	Economic Research Services	25/1/98
Brian Peel	ONE North East	27/7/98 & 15/1/99
Kim Pears	ONE North East	27/7/98
Simon Dew	ONE North East	24/7/98
Alastair Haworth	Grainger Town ex Teesside DC	9/98
Bill Naylor	Naylors Surveyors	9/98
Tom Koslowski	ONE North East	23/10/98
Eric Morgan	Sanderson Townend & Gilbert	18/2/99
Brian Latty	Economic Research Services	23/2/99
Donna Gill	Business Innovation Centre	19/11/99
Chris Gill	ONE North East	10/8/00
Colin Lizieri	Reading University	15/9/00
Deborah Levy	University of Auckland	16/9/00
Ivan Turock	Glasgow University	10/00

Interview Pro-forma

Occupier Interview

Name of interviewee:..... Date:.....

1. Confirm details of relocation e.g. date, employees, old address etc.

.....

2. Background information:

- Profile of the organisation if not already established.

.....

- Is there a corporate property strategy in place?

.....

3. Explore the rational behind the decision to move:

- Why did they want to move? (intention)

.....

- What factors influenced the decision?

.....

- Where did they get their information?

.....

- What contacts had they made?

.....

- How was this decision made?

.....

- Who made the decision?

.....

- How long had they been intending to move?

.....

- What if any factor might have caused them to stay?

.....

4. Explore the decision on where to move to:

- Where did they consider moving to?

.....

- What selection criteria determined this choice?

.....

- What factors influenced their final choice?

.....

- Who made the decision?

.....

- How was the decision arrived at?

.....

5. Discuss satisfaction and performance post move:

- Do they think that they have made the right decision?

.....

- How has the firm performed since the move in terms of increased profitability & turnover, reduced overheads, more employees?

.....

- Has there been any evaluation of the performance since moving?

.....

- How much of any change in performance is due to the property itself?

.....

- Have the firm contemplated moving since and if so where, why and when?

.....

6. Specific issues:

- Did they receive any assistance from the public sector in their (re)location?

.....

- What was the source of the assistance, how much was it and what did they have to do to qualify for it?

.....

- What difference did the assistance make in term of the performance of the company?

.....

- How important was any assistance in their decision to locate where they are?

.....

Interview Analysis Strands and Sub-Strands			
Code	Strand	Sub-Strand	Comments
1	Affirmation		cross reference to 14
1.1		Satisfaction/right decision	post hoc rationalisation?
1.2		Facilitate Growth	cross reference to 10
1.3		Improved Performance	cross reference to 14.1
2	Change		
2.1		(Re) Structure	
2.2		Flexibility	of premises, lease, staff etc
3	Choice		
3.1		Dilemma	
3.2		No-brainer	
3.3		Fundamentals	
3.4		Lack of (choice)	Availability
3.5		Ambivalent	footloose – location only
4	Communications		
4.1		Convenience	to individuals
4.2		Networks	internal and external
4.3		Transport	
4.4		Proximity	location; cross reference to 13.2
5	Conflict		
5.1		Fear	of displacement or unknown
5.2		Misfit	
5.3		Impediment	
5.4		Frustration	assistance and branch closure
6	Control		
6.1		Do It Yourself	
6.2		(Un) Certainty	
7	Differentiation		
7.1		Differentiation	cross reference to 11
7.2		Specialisation (niche)	
8	Expectations		
8.1		Ambitions	
8.2		Growth	cross reference to 10
8.3		Potential	Vision
9	External		
9.1		Restrictions	e.g. planning, legal, financial etc
9.2		(Re)Structure	industrial & organisational
9.3		Triggers	Chance
10	Growth		
10.1		Expansion	
10.2		Constrained	
10.3		Downsizing	
11	Image		
11.1		Impressions	
12	Money		
12.1		Buy v Rent	Financial decision
12.2		Assistance	incentives and subsidies
12.3		A Good Deal	
12.4		Overheads	fixed and variable cost liabilities
13	Necessity		
13.1		Under One Roof	
13.2		Locational	
13.3		Capacity	Size
13.4		Staff & Customers	
13.5		Physical	condition, specification, facilities
14	Performance		cross reference to 1
14.1		Good Results	cross reference to 1.3

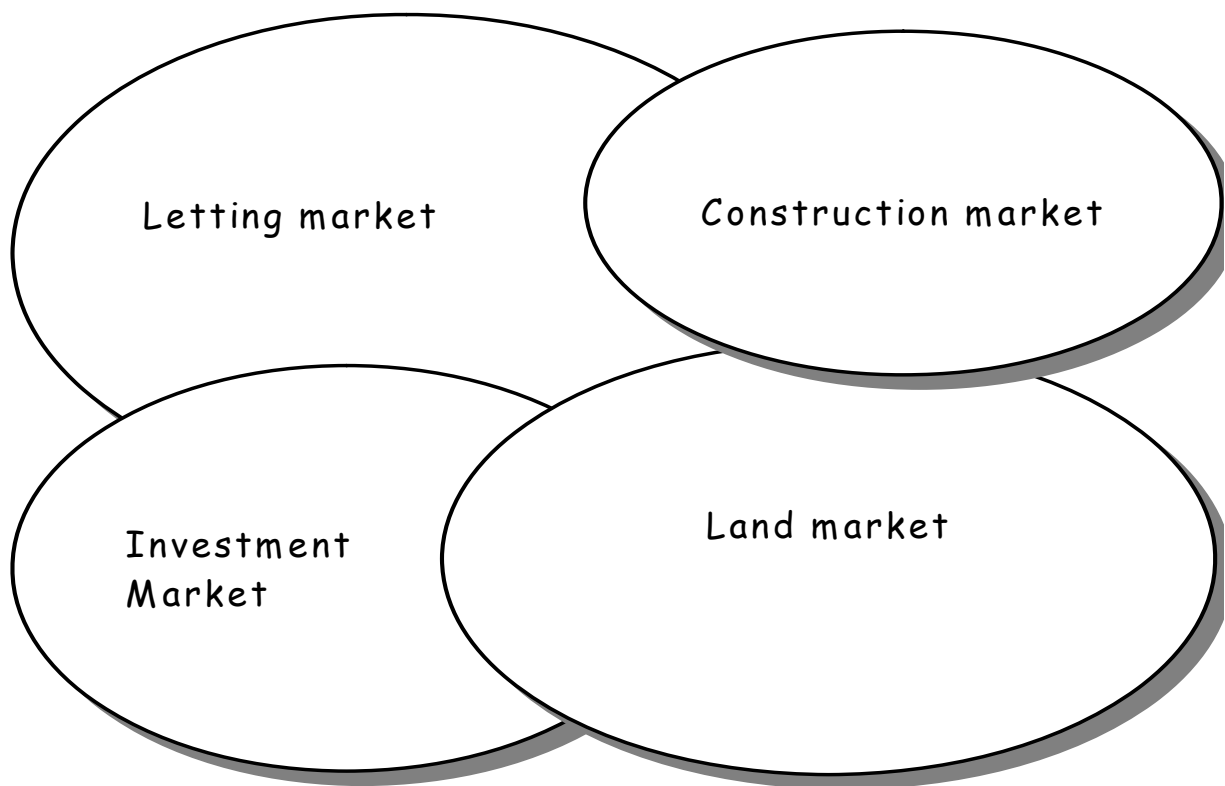
14.2		Marginal Contribution	
14.3		Positive Contribution	
15	Personality		
15.1		Character	
16	Power		
16.1		Manage/influence outcome	
16.2		Driving Force	cross reference to 11
17	Regrets		
17.1		Bitter	
17.2		Missed Opportunity	
17.3		Mistake	
18	Time		
18.1		Of the Essence	

Matrix to Illustrate Sub-strands Contributing to 'Cross-cutting' Themes											
	Theme	A	B	C	D	E	F	G	H	I	J
1	Affirmation										
1.1	Satisfaction/right decision					✓					
1.2	Facilitate Growth	✓				✓					
1.3	Improved Performance	✓				✓					
2	Change										
2.1	(Re) Structure						✓				
2.2	Flexibility	✓	✓		✓				✓	✓	
3	Choice										
3.1	Dilemma				✓						✓
3.2	No-brainer								✓		✓
3.3	Fundamentals				✓				✓		
3.4	Lack of (choice)								✓		
3.5	Ambivalent		✓								
4	Communications										
4.1	Convenience										✓
4.2	Networks					✓					✓
4.3	Transport		✓								
4.4	Proximity		✓								
5	Conflict										
5.1	Fear			✓			✓				
5.2	Misfit						✓	✓			
5.3	Impediment						✓				
5.4	Frustration			✓			✓				
6	Control										
6.1	Do It Yourself				✓						✓
6.2	(Un) Certainty									✓	
7	Differentiation										
7.1	Differentiation				✓		✓	✓			✓
7.2	Specialisation (niche)		✓	✓				✓			
8	Expectations										
8.1	Ambitions	✓		✓	✓				✓		✓
8.2	Growth	✓									
8.3	Potential										✓
9	External										
9.1	Restrictions						✓			✓	
9.2	(Re)Structure						✓				
9.3	Triggers				✓					✓	
10	Growth										
10.1	Expansion	✓								✓	
10.2	Constrained	✓									
10.3	Downsizing	✓					✓				
11	Image										
11.1	Impressions							✓			✓
12	Money										
12.1	Buy v Rent			✓	✓						
12.2	Assistance			✓							
12.3	A Good Deal			✓							
12.4	Overheads			✓		✓			✓		
13	Necessity										

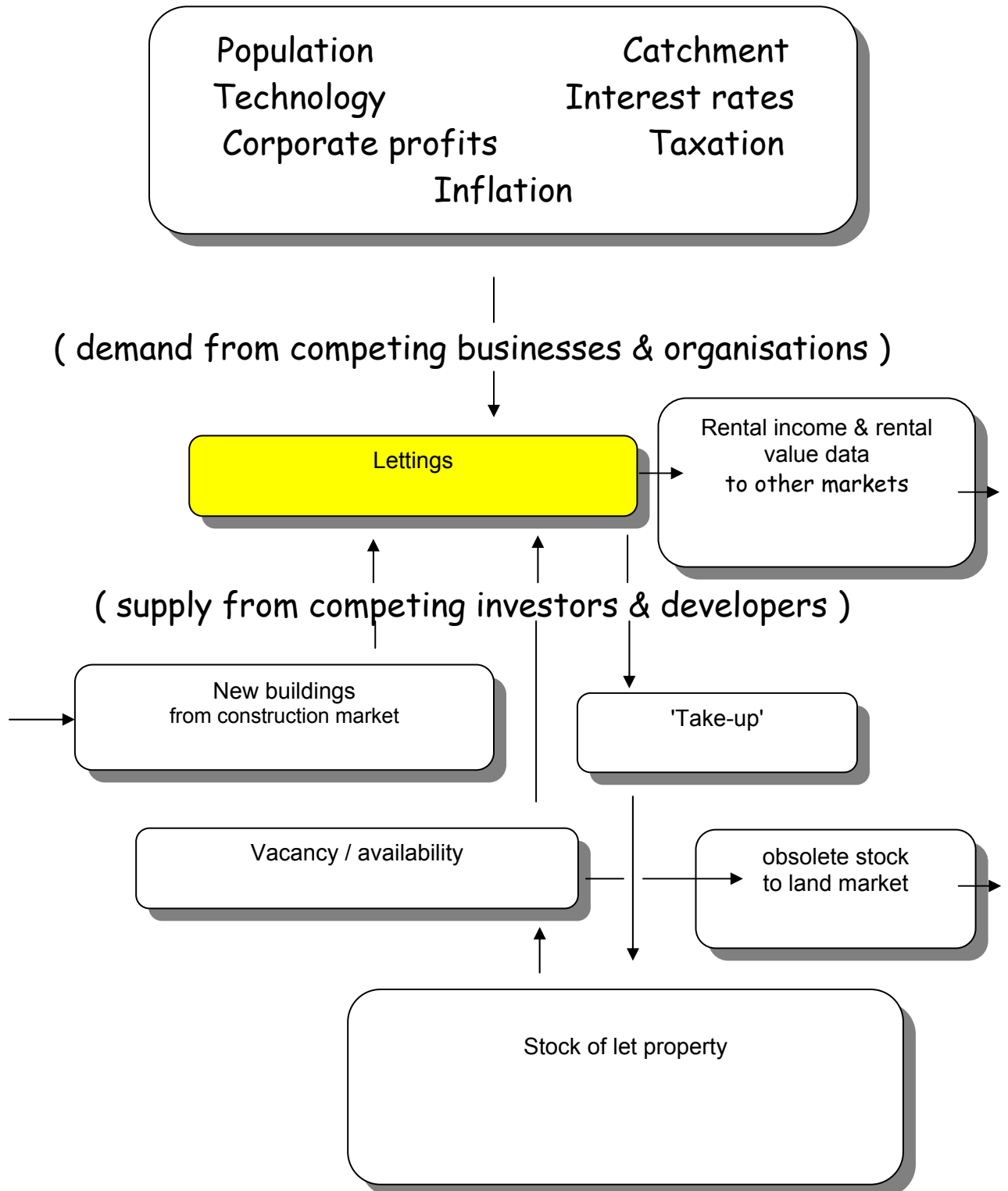
13.1	Under One Roof	✓				✓			✓		
13.2	Locational		✓								
13.3	Capacity	✓				✓			✓		
13.4	Staff & Customers		✓								
13.5	Physical	✓							✓		✓
14	Performance										
14.1	Good Results		✓			✓					
14.2	Marginal Contribution	✓				✓					
14.3	Positive Contribution	✓	✓			✓					
15	Personality										
15.1	Character										✓
16	Power										
16.1	Manage/influence outcome										✓
16.2	Driving Force			✓	✓						✓
17	Regrets										
17.1	Bitter			✓			✓				
17.2	Missed Opportunity				✓					✓	
17.3	Mistake				✓	✓	✓			✓	
18	Time										
18.1	Of the Essence									✓	

APPENDIX E

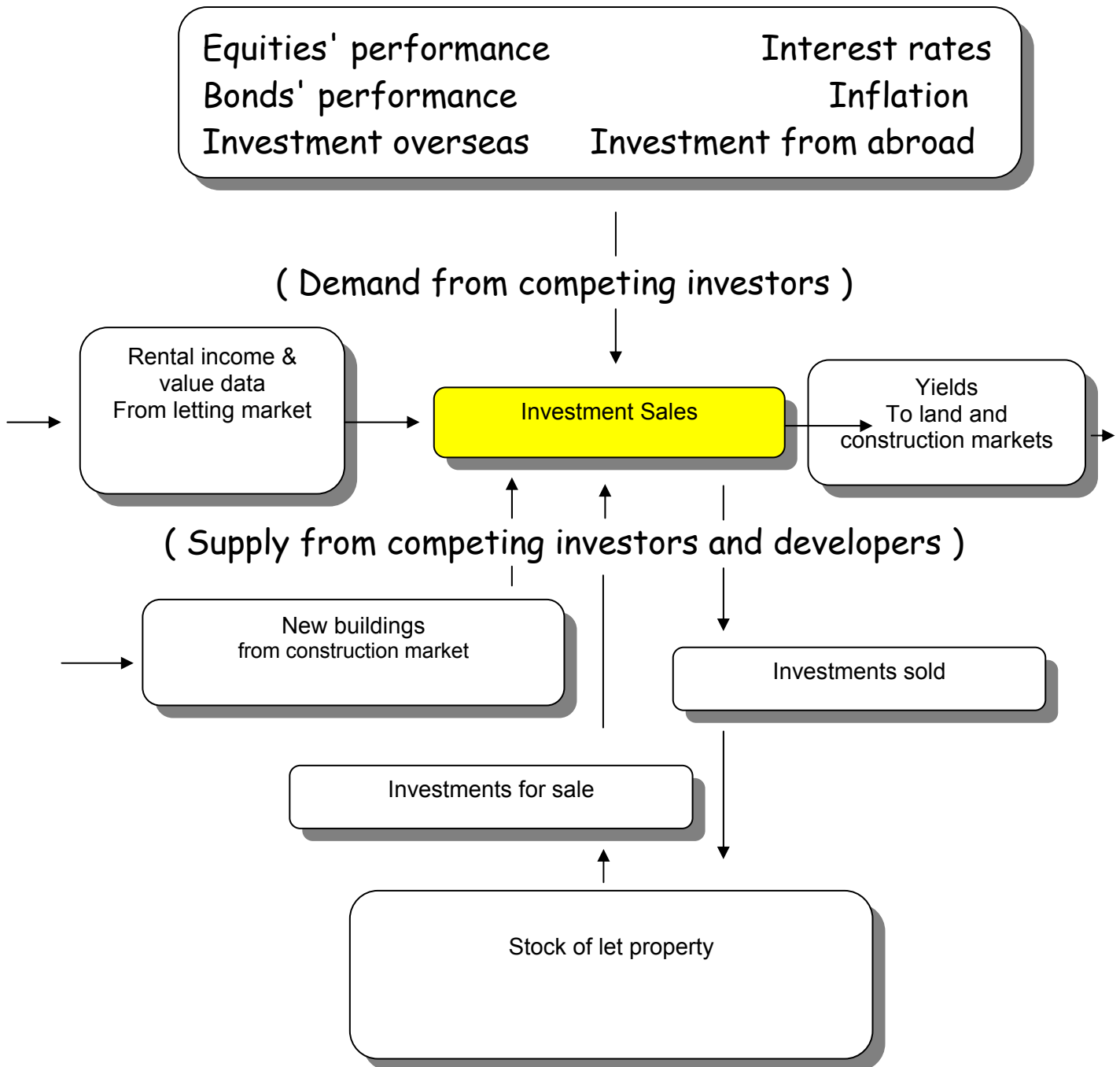
Fisher's Model of the Commercial Property Market (unpublished)



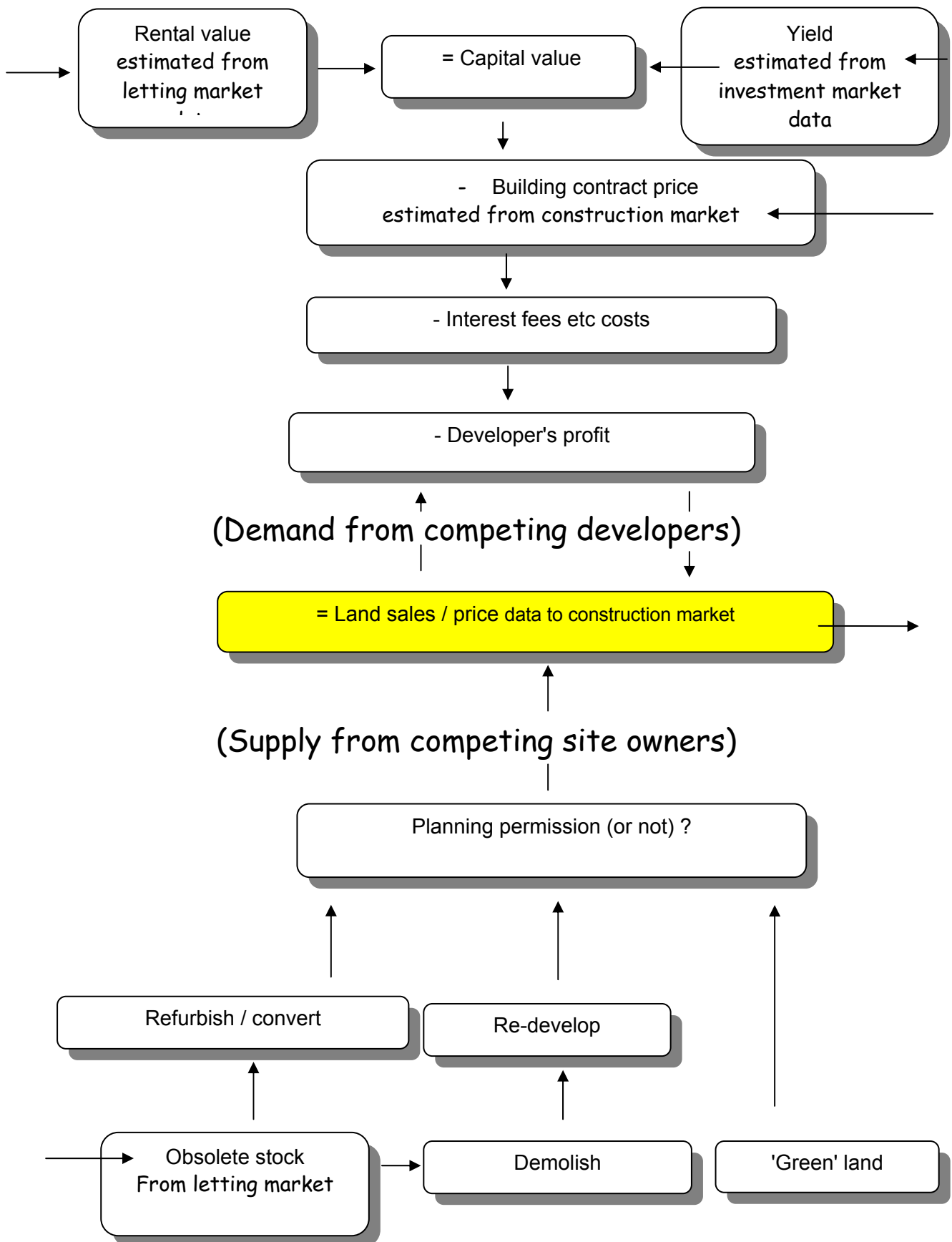
Letting Market



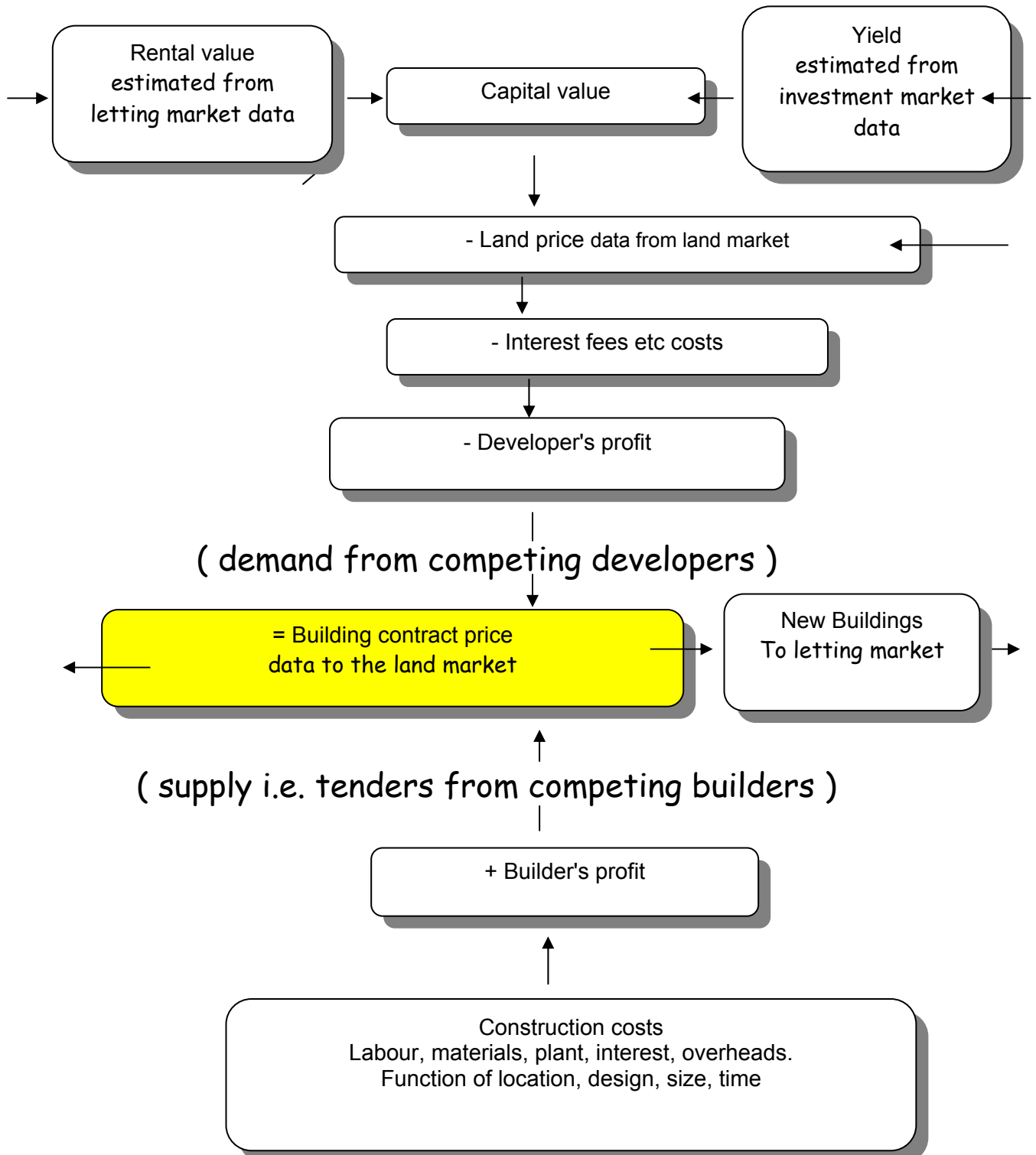
The Property Investment Market



The Development Land Market



The Construction Market



APPENDIX F

Papers published from research

Greenhalgh P. et al.(2000) "An investigation of the response of industrial and office property occupiers to property-led urban regeneration policies in Tyne and Wear". *Journal of Property Management* 18(1) 46-62.

and

Greenhalgh P. et al. (2003) "Grease to the Wheel or a Spanner in the Works? An Investigation of Office and Industrial Occupier Displacement and Property Market Filtering in Tyne and Wear Using the Chaining Technique". *Regional Studies* 37 (4) 381-394.